

Pamph.
Econ.
Fin.
V



SOURCES OF Municipal Revenues in Illinois

By

LENT DAYTON UPSON, B.A.

University of Wisconsin, 1908

Thesis submitted in partial fulfillment of the requirements for the degree
of Doctor of Philosophy in Political Science in the Graduate
School of the University of Illinois

FLANIGAN-PEARSON CO.

1912



SOURCES OF Municipal Revenues in Illinois

By

LENT DAYTON UPSON, B.A.
University of Wisconsin, 1908

Thesis submitted in partial fulfillment of the requirements for the degree
of Doctor of Philosophy in Political Science in the Graduate
School of the University of Illinois

FLANIGAN-PEARSON CO.

1912

COPYRIGHT 1912
BY THE UNIVERSITY OF ILLINOIS

TABLE OF CONTENTS

	Page
INTRODUCTION	7
CHAPTER I.	
PROPERTY TAXATION	11
Tax Levies	12
Exemption from Taxation.....	15
Method of Assessment and Collection.....	16
Property Taxes	17
Personal Property Taxes.....	21
Losses in Collection	24
CHAPTER II.	
LICENSES AND POLICE FINES.....	26
License revenue	26
Liquor licenses	26
General licenses	30
Business taxes	41
Vehicle licenses	43
Foreign fire insurance tax	45
Police fines	47
CHAPTER III.	
GIFTS, GRANTS AND SUBVENTIONS	55
School revenue	55
State grants	55
Endowment income	56
Tuition	56
Miscellaneous income	57
Gifts by individuals	57
CHAPTER IV.	
REVENUE FROM SERVICES RENDERED	58
Departmental receipts	58
Public service privileges	61
Special assessments	68

CHAPTER V.

	Page
MUNICIPAL INDUSTRIES AND PROPERTY	73
Water plants	73
Electric light plants	86
Cemeteries	89
Libraries	90
City Hospitals	92
Street railways	93
Sewers	94
Real estate	94
Other city property	95
Interest on city funds	96

CHAPTER VI.

LOANS	101
Bonded Indebtedness	101
Tax warrants	105
Floating debt	107

CHAPTER VII.

SUMMARY AND CONCLUSIONS	110
BIBLIOGRAPHY	120
INDEX	121
MAP SHOWING LOCATION OF CITIES	126

TABLES

	Page
1. Relation of Taxes to Total Income, Tax Rates and Per Capita Tax Income in 24 Illinois Cities in 1909.....	19
2. Assessed Valuation by Classes of Property and Total Assessment in 24 Illinois Cities for the Year 1909.....	20
3. Relation of the Assessments of Real and Personal Property to the Total Assessments in City and County, and the Relation of the City Personality Assessment to that of City Lots, 1909.....	23
4. City Receipts from Town Collectors and County Treasurers, 1909	24
5. Number of Saloons, Population per Saloon, License Rates and other data relative to the Liquor Traffic in Illinois Cities, 1909..	28
6. Total and per capita Income from License Taxes, Illinois Cities, 1909	34
7. Principal Licenses and Rates	36-37
8. Business Taxes, Rates and Total Income, 1909.....	42
9. Vehicle Licenses, Rates and Total Income.....	44
10. Total and Per capita Income from Foreign Fire Insurance Tax, 1909	46
11. Disposal of Arrests in 5 Illinois Cities, 1909.....	50
12. Disposal of Arrests in Illinois Cities by Percentages.....	51
13. Statistics on Strength of Police Forces, Number of Arrests, etc., 1909	53
14. Revenues of Specified City School Districts.....	56
15. Receipts from Fees, Inspections, Departmental Receipts, Charges, and other Miscellaneous Sources, 1909.....	58
16. Fee Offices and Methods of Reporting	60
17. Rates and Income from Franchises, 1909.....	63
18. Dates of Grant and Expiration of Franchises.....	65-66
19. Statistics of Municipal Water Plants and Cost per Hydrant in Illinois Cities, 1909.....	79
20. Statistics Relative to Cost of Operation per Million Gallons Pumped by Municipal Water Plants	80
21. Ratio of Operating Costs to Receipts in Private Water Plants..	83
22. Ratio of Operating Costs to Receipts and "Total of all Costs" in Municipal Water Plants	83
23. Statistics Relative to the Cost of Operation in Municipal Lighting Plants	86
24. Charges by Private Electric Light Plants for Arc Service.....	88
25. Income and Cost of Operation of Municipal Burial Grounds....	90
26. Statistics of Public Libraries, Illinois Cities, 1909.....	91

	Page
27. Receipts from City Real Estate.....	95
28. Balances and Receipts for General Funds, Special Assessments and Special Funds, 1909.....	98
29. Statistics Relative to Municipal Indebtedness, 1909.....	100
30. Sources and Totals of General Revenues, 1909.....	117
31. Sources of General Revenue, 1909, in Percentages.....	118
32. Ranking of Twenty-four Illinois Cities, 1909.....	119

INTRODUCTION.

The purpose of this study is to examine the sources of municipal revenues in the state of Illinois, as typified by the budgets of a number of cities for the year 1909, noting the variations in the different municipalities and the means of revenue which are not fully utilized, so that all the financial revenues of any city may be made more available to the others.

As cities become larger the per capita cost of administration tends to increase. This does not necessarily mean that there is more waste or graft in the management of large cities than small ones; but that as more people come together, they find it advantageous to do in common many things which formerly each individual undertook for himself. In a village, each householder must occasionally be his own truant officer, his own sanitary inspector or his own sidewalk layer. In cities such duties are more effectively cared for by the public authorities. Kindergartens, medical and dental inspection of school children, charities, disease prevention, better sanitation, street and public lighting, parks, and other social welfare work make increased demands upon the local administration where many people are concentrated in a city.

At the same time the maximum legal tax rate in Illinois is the same for all cities; and growing municipalities find it necessary to seek for more sources of revenue other than property taxation. Such potential sources of revenue include liquor and business licenses, vehicle and insurance taxes, increased returns from police fines, fees and departmental receipts, and profits from municipal enterprises. In some cases enlarged expenditures are temporarily met by increased municipal indebtedness.

To secure data for this study, an examination was made of the budgets of twenty-four cities of over 8000

population, located in various parts of the state. Chicago has not been included, owing to the magnitude and special features involved in such a task, and also to the fact that a comprehensive study has already been made of its municipal revenues.¹ Questionnaires were sent to municipal officers; annual reports were received from nearly half of the cities; and personal visits were made to all but two,—Quincy and Joliet.

No one of these methods of inquiry proved entirely satisfactory. It was difficult to secure replies even to direct questions. No printed report gave a complete statement for a single city. In the cities visited, the data had to be secured from a number of officials. Nevertheless, a complete statement was secured from all but three of the cities examined covering the revenues for general purposes; and the omissions in the three cases are small and unimportant.

The general plan followed in the arrangement of material is that employed by the Bureau of the Census for tabulating the statistics of cities, a general outline of which is shown in the table of contents. Since, however, the cities included in this study are relatively small, with simple financial systems, it has not been possible to analyze the revenues with the same detail as the Census Bureau.

The figures used as a basis of the investigation are those of actual city incomes for the fiscal year 1909, rather than the revenues which legally accrued during the year. For example, delinquent taxes for this year do not appear, though they are really an asset and will ultimately be collected. In their place, however, appear the delinquent taxes of previous years which were paid during the period under consideration. Outside the field of taxes, this certainty of ultimate payment is not so great, a situation which illustrates the error of keeping city accounts upon a receipt and expenditure basis, rather than on a basis of legal accruals and liabilities. In one city only \$700 of

¹C. E. Merriam: *Report on the Municipal Revenues of Chicago.*

\$900 license fees was paid within the fiscal year. Either the \$200 remaining will become an asset of the year following and will offset the expenditures of a year to which it does not belong, or it may drop out of the ken of the city treasurer and fail to be collected.

In addition to an analysis of the revenues received, an attempt is made to explain why some sources of revenue have not been utilized. In some cases, there has been local opposition to a particular form of taxation. In other instances, the cost of collection has been too large in proportion to the revenue received. In still other cases, a scientific and impartial collection of charges would result in increased revenue.

Further, there is included in this study considerable data not directly involved in city budgets, but of value to officials seeking to increase municipal revenues and as illustrations of facts which must be brought to the knowledge of officials if municipal government is to be progressively and permanently bettered. The more important data of this kind relates to the cost of operating municipal water and light plants, the time and date of expiration of public service franchises, the rates of license taxes, and the relation between the number of liquor licenses and the number of police.

A summary of the conclusions of this study of the municipal revenue system of Illinois is to be found in the concluding chapter of the text; but it may be of interest to note here that:

The maximum total tax rate (of one percent on the supposed full value of property) is inadequate to meet the needs of the modern city.

The percent of total income received from other sources than property taxation ranges from 60% in Joliet to 3% in Urbana.

Personal property estimated to equal real estate in value is paying only approximately one-third to one-fifth of its legal burden.

Cities which give a limited number of saloons the monopoly of the town's business, will lose from \$5,000 to \$10,000 a year unless they advance the license fee to a point where the cities will share in the monopoly profits.

Business taxes can be made to contribute ten per cent of municipal income without serious opposition.

The vehicle tax has proved a financial success in all of the cities in which it has been tried. In Evanston the return is over \$8,000 a year.

Departmental fees and charges could be made one of the more profitable sources of revenue but require more secure checks on the collection than exist at present.

Taxes on the franchises of public service corporations are being imposed as rapidly as existing franchises expire, and produce from \$1,000 to \$5,000 annually.

None of the cities investigated receive adequate interest upon public funds.

The operation of public water plants in a number of cities has been efficient and economical, but the rates are too low to pay a profit, and frequently do not even meet the cost of operation.

Street lighting could be done through municipal plants operated in connection with the water works at about one-half the price paid under private contract.

There is urgent need that the state authorities create some municipal clearing house of facts which will cooperate with cities in installing a gradual revision of the system of keeping city accounts, uniform city reports, and methods of publicity which will keep both officials and taxpayers informed of advances in municipal administration.

CHAPTER I

PROPERTY TAXATION.

The Illinois constitution of 1870 authorizes the general assembly to vest municipalities with the power to assess and collect taxes for corporate purposes.¹ However, this privilege is restricted by further constitutional provisions, which require that the levies be uniform in respect to persons and property; that privilege taxes be uniform as regards the class on which they operate; that the legislature must not impose taxes upon municipal corporations for corporate purposes; and place restrictions on the amount of municipal indebtedness.

The general municipal incorporation act of 1872, the revenue clause of which was amended in 1897 to apply to all cities incorporated in any manner,² gives to municipal councils the following powers:

- a—to control the finances and property of the corporation
- b—to appropriate money for corporate purposes only, and to provide for the payment of the debts and expenses of the corporation
- c—to levy and collect taxes on real and personal property for general and special purposes
- d—to fix the amount, terms and manner of issuing and revoking licenses; and
- e—to borrow money on the credit of the corporation for corporate purposes³

The revenue clauses of the incorporation act also prescribe the method of assessment and collection of taxes; provide that all municipal expenditures shall be included

¹Constitution of 1870, Art. 9, par. 9.

²Hurd's *Revised Statutes* (1908) ch. 24, par. 283.

³*Rev. Stat.*, ch. 24, par. 62.

in an annual appropriation measure passed by the city council, and that no further appropriation may be made from taxes except upon a majority vote of the electorate;⁴ that appropriations must precede tax levies, as well as contracts entered into by the city; and that the tax levy ordinance must state both the rate or amount and the purpose of the tax. The appropriation ordinance and the tax levy ordinance are required to be distinct, and the former must be passed first.⁵ The levy ordinance is filed with the county clerk who calculates the rate required to raise the amounts; and if it is necessary, he is required to scale the rate down to keep the aggregate of all tax levies within the legal limit of three per cent of the assessed valuation, allowing to each taxing district its legal proportion.⁶

TAX LEVIES

Until 1909 the ordinary tax rate was limited to five per cent of one-fifth of the cash value of the taxable property. An amendment of that year raised the basis of assessment to one-third of the actual cash value, and made three per cent the legal tax limit.⁷ This statute does not affect the real tax rate, but raises the debt limit sixty per cent.

⁴*Ibid.*, ch. 24, par. 89.

⁵*Peo. v. Florville*, 207 Ill. 79.

⁶The method of scaling as prescribed by the Juul law is as follows: a total is found of the rates necessary to give the certified sum; the amount over three per cent is used as a numerator and the total percent as a denominator, each item being reduced in this proportion. Professor C. E. Merriam in his "*Report on the Municipal Revenues of Chicago*", (City Club of Chicago, Pub. No. 2, page 86) gives this example: "the West Town demands for tax levy (state, school building and special sanitary district excepted) aggregated in 1903, \$7.55 per \$100. These special rates were then scaled down 255-755, and the total thus reduced to five per cent."

⁷Laws of 1909, p. 308.

The taxes which cities may levy unrestricted by referendum are these:

For general purposes.....	1.2%
Interest and sinking funds....	"a sum sufficient"
Educational purposes	1.5%
School buildings	1.5%
Public libraries .....	.12%
Parks .....	.12%
Cyclone tax .....	.3%

The taxes to provide interest and sinking funds are limited by the constitutional provision that the total debt shall not exceed five per cent of the assessed valuation. Taxes for such purposes, however, furnish a means for evading the statute limiting taxes for general purposes to 1.2% of the assessed valuation. Not infrequently, cities incur permanent indebtedness for current expenses, and retire the bonds out of other than taxes for general purposes. Nearly four per cent of the municipal debt is of this nature.⁸ An interest and sinking fund tax may also be levied to pay such school debt as was contracted before the passage of the general school act of 1889. In cities of over 100,000 population the library tax is limited to .06% of the assessed valuation; and in all cities under 1,500 population the library tax is included in the 1.2% tax for general purposes.⁹

The tax of .12% to provide for the establishment and maintenance of parks applies to cities having a population of less than 50,000,¹⁰ a restriction which excludes only the cities of Chicago, Peoria, Springfield and East St. Louis. Within three of these municipalities park taxes are levied by the park districts, which are distinct taxing areas erected without particular reference to municipal boundaries. Such special taxing areas, which may also be created in smaller cities than those mentioned, are

⁸See ch. VI.

⁹Rev. Stat. ch. 81, par. 1.

¹⁰Ibid. ch. 105, par. 290.

of three kinds,—sanitary, park and pleasure drive districts. They are formed by a favorable popular vote called after a petition to the county clerk, the voting being within the boundaries specified, for or against the proposition.

The powers of the commissioners controlling these taxing districts have been changed frequently; and the confusion thus created has been added to by the Juul law of 1901 which consolidates and limits all of the tax levies within a city. The combined tax must not exceed the legal limit, which sometimes requires that the tax for one district shall be scaled down below the maximum in order that the aggregate tax for all purposes in another district fall within the legal limit.

The taxation of property is the natural result of the theory that all persons should be taxed according to their ability; and ownership of property and particularly of real estate, in communities which have not reached a high industrial development, is considered the most concrete expression of ability to pay and of the measure of benefit received from governmental activities. The *situs* of real property is permanent, and it is therefore possible to tax such property when owned by non-residents, in the same manner as that of residents.

Unoccupied tracts held for increment in value present a special problem. In some jurisdictions agricultural and unimproved property is exempted from taxation in whole or in part, and such exemptions have been sustained except in contravention of special constitutional provisions.¹¹ In Illinois no such exemptions are allowed by law, but vacant property in the shape of lands is not an important item in the assessed valuations except in a few cities. In East St. Louis such property stands in the ratio of one to three when compared with the assessment of city lots; in several municipalities the ratio is one to ten, but in the majority it is less than this. The assessment for lands and lots is presented in table No. 2.

¹¹Connecticut, Indiana, Iowa, Maryland, Michigan, (with exceptions) Ohio, South Carolina and Tennessee.

The general rule for the taxation of personal property in Illinois provides for its assessment at the domicile of the owner; but some classes of tangible personality are taxed *in situ*, and goods *in transitu* are assessed upon the owner at the place where the shipment originated. Intangible property is also subject to taxation, but credits may be offset by certain debts; and while franchise values are taxable no method of local assessment is prescribed. Illinois corporations, except mercantile and manufacturing, are assessed by the state upon the value of their capital stock, less the assessed value of tangible property as made by the local assessors. Capital stock not assessed in this fashion by the state board of equalization should be listed as personal property. Aside from the tax upon the capital stock of railroads incorporated within the state, railroads, must pay taxes upon their personal and real property, assessed principally by the state board of equalization, the valuation being apportioned to the counties to a large extent in proportion to mileage. The value of side tracks and railroad buildings is returned wholly to the district within which they are located; and personal property other than rolling stock is locally assessed.

EXEMPTIONS FROM TAXATION.

Exemptions from taxation in Illinois are fewer than in most states. The constitution authorizes the exemption by the legislature of real and personal property of states, counties and other municipal corporations, and such other property as may be used exclusively for agricultural and horticultural societies, schools, religious organizations, cemeteries, and for charitable purposes, when the exemption is made by general law.¹² By statute the legislature has provided for these exceptions, and also established other specific exemptions as follows,—school lands, not leased; fire apparatus; public markets; all state property; and property used by mechanical and phil-

¹²Const. Art. 9, par. 3.

osophical societies without profit.¹³ A law exempting fraternal insurance funds was held unconstitutional,¹⁴ as have been other acts attempting to exempt other classes of property not embraced in the constitutional provisions.

METHOD OF ASSESSMENT AND COLLECTION.

For the assessment of taxes there is elected an assessor in each town, except in those counties not under township government. In these latter localities the county treasurer acts as assessor, the deputies being appointed by the county board. In the spring of the year valuation is made of the property within each taxing district, the owner being required to fill out a schedule of personal property. Once in four years real property must be viewed for assessment. The results both as to real and personal values are certified to the county clerk, who corrects all apparent errors. The county boards of review revise assessments upon request of the owner; hear complaints of overvaluation; and may correct any inequality among townships, provided the grand total of assessments is not diminished. The assessments are then certified to the state auditor who transmits them to be passed on by the state board of equalization. This board may equalize total valuations among counties by increasing or reducing the local assessments by not more than ten per cent. The final results are certified back to the county clerks, who estimate and spread the taxes¹⁵ on the tax collectors books.

In counties under township government, the county treasurer is *ex officio* county collector, and receives from the town collector state and county taxes; and also collects delinquent city taxes and special assessments. In counties not under township government the sheriff is *ex-officio* collector of taxes. Taxes are due the first of January; personal property taxes must be paid by March first; and

¹³*Rev. Stat.* ch. 120, par. 2.

¹⁴*Modern American Fraternal Order v. Board of Review*, 223 Ill. 54.

¹⁵*Rev. Stat.* ch. 120, par. 128.

all taxes on real property become delinquent on June first. In cases of unpaid taxes, after certain notice and advertisement, application is made to the county court for judgment. Upon judgment being given (from which an appeal may be taken to the Supreme Court if bond for costs is given), the property or a necessary portion of it is advertised for sale. The property is then sold to the person bidding the delinquent taxes plus the least per cent for penalty. Property so sold may, however, be redeemed at the office of the county clerk within two years, upon payment of the delinquent tax, subsequent taxes and assessments, and the penalty, this last being graduated from that bid to four times that sum during the last six months of grace.¹⁶

PROPERTY TAXES.

The foregoing is a meager outline of the system of taxation as applied to municipalities in Illinois and may make clearer a review of the workings of the property tax.¹⁷

In tables 30 and 31 is a statement of the amount of property tax received by each of the twenty-four cities in Illinois for which data was secured, and the relation of such sums to the total amount of municipal income for the year 1909. The tax rates are given in table 1, and with them the ratios of taxes to the total city incomes from which all commercial revenues except those producing a profit have been subtracted. In three instances¹⁸ the net profit from commercial enterprises is included in the total income. The city which receives the least proportion of its revenue from property taxes is Joliet, the return of 40.1% of the whole income. Streator follows with 51.25%;

¹⁶Rev. Stat. ch. 120, par. 182-210.

¹⁷A more complete outline will be found in *A Report on the Taxation and Revenue System of Illinois*, prepared for the Special Tax Commission of Illinois by John A. Fairlie. A compilation of *Tax Laws and Judicial Decisions* accompanies the report of the commission.

¹⁸See Table 19.

while the maximum percentage received is 97.6% in Urbana. The average is 68.1%. For comparison it is interesting to separate the cities receiving saloon licenses from those which do not. In the seven no-saloon license cities¹⁹ the average of the total revenue received from property taxation is 86.2% while the average for the remaining cities is 60.5%.

A more interesting comparison of the taxes received by cities for general purposes is upon a per capita basis. Though such a relationship is inaccurate inasmuch as population is not a direct creator of taxes, yet population does have a direct influence upon the cost of government. The minimum per capita general tax is in Streator, the amount being \$2.33 per person. The next lowest is \$2.76 in Joliet; while the highest rate is \$8.34 in East St. Louis. In this comparison the no license cities do not hold so unfavorable a position in the matter of taxation, the average rate for the seven municipalities being \$4.62 per capita. The average for the remaining corporations is \$4.50—not a considerable difference.

A third and more frequent method of considering city finances is a comparison of the tax rates. In table 1 is shown the general rate for each city for each \$100 of assessment (including administrative, library, sanitary, park, bond and interest taxes); the complete school rate; and the total rate. The highest rate for general purposes is in Quincy, \$2.37. La Salle follows with \$2.15; while the smallest is \$1.25 in the "dry" city of Rockford. Cities having no saloons stood highest in the average per capita tax, yet with the exception of Urbana their tax rates are quite normal. This lack of relationship between the tax rate and the per capita tax income, coupled with the fact that cities in which a high tax rate should be anticipated have quite the contrary, may be due to one or both of two causes: variation in the basis of local assessments, or in the per capita wealth of the several cities.

¹⁹Champaign, Decatur, Evanston, Galesburg, Jacksonville, Rockford and Urbana.

TABLE I.

RELATION OF PROPERTY TAXES TO TOTAL INCOME,¹ TAX RATES AND PERCAPITA TAX INCOME IN 24 ILLINOIS CITIES IN 1909.

	Percent of Total income ²	Percapita Tax (general)	General Tax Rate	School Rate	Total Rate	Percapita Realty Assessment	Percapita Personality	Total Ass't.
Alton	57.8	\$3.42	\$1.42 ³	\$2.00	\$3.42	\$158	\$84	\$242
Aurora	70.0	4.80	1.70	1.51 1.45 ⁴	3.21 ⁴	208	75	283
Belleville	54.7	3.76	1.60	1.85	3.45	157	52	209
Bloomington ...	61.5	4.26	1.53	1.72	3.25	242	78	320
Champaign	92.0	3.88	1.34	1.92	3.26	216	86	302
Danville	56.0	3.67	1.46	1.20	2.66	181	91	272
Decatur	83.7	4.02	1.67	2.76	4.43	169	71	240
E. St. Louis.....	71.0	8.34	1.48 ³	1.90	3.38	195	27	222
Elgin	71.4	4.58	1.33	1.90	3.23	202	122	324
Evanston	65.1	5.38						
Freeport	62.2	3.80	1.49	1.95	3.44			
Galesburg	91.8	5.58	1.57	1.69	3.26	217	72	289
Jacksonville	85.8	3.76	1.40	2.00	3.40	192	77	269
Joliet	40.1	2.76	1.40	1.85	3.25	155	48	203
LaSalle	52.3	3.41	2.15	1.80	3.95	121	41	162
Moline	61.0	4.44	1.93	2.42	4.35	154	81	235
Ottawa	55.7	5.20	1.95	2.00	3.95	152	98	280
Peoria	65.5	5.18	1.78	1.87	3.65	223	68	291
Quincy	70.0	6.50	2.37	1.42	3.79	117	49	166
Rockford	87.7	4.72	1.25	1.07	2.32	260	116	376
Rock Island ...	64.5	4.37	1.85	1.93	3.26	183	57	240
Springfield	64.0	5.68	1.81	1.73	3.54	233	81	321
Streator	51.3	2.33	1.30	2.10	3.40	135	51	186
Urbana	97.6	5.02	2.03	2.61	4.64	203	50	253

¹Excluding commercial revenue, except net profit.

²1910.

³\$1.83 sanitary tax extends over a limited area.

⁴Larger proportion.

TABLE 2
ASSESSED VALUATION BY CLASSES OF PROPERTY AND TOTAL ASSESSMENT IN 24 ILLINOIS CITIES FOR THE YEAR 1909.

City	Total	Real	Lands	Lots	Railways	Tel. & Tel.	Personal
Alton	4,250,096	2,769,370	None	2,466,100	303,270	33,536	1,477,190
Aurora	8,444,493	6,210,925	130,407	5,550,053	530,465	2,233,568	
Belleview	4,417,330	3,321,186	150,391	2,968,705	188,790	13,300	1,006,144
Bloomington	8,258,004	6,220,595	693,442	5,125,067	402,086	20,064	2,017,345
Campaign	3,748,052	2,685,068	41,785	2,466,493	50,790	12,000	1,062,984
Danville	7,599,368	5,060,279	543,990	4,975,843	540,446	2,539,089	
Decatur	7,481,484	5,240,184	250,431	4,759,885	229,868	34,114	2,207,186
E. St. Louis	13,007,080	11,436,106	2,292,148	6,848,503	1,903,732	391,723	1,570,974
Elgin	8,434,961	5,226,127	83,026	4,948,672	177,136		3,226,127
Galesburg	6,370,244	4,789,480	203,070	4,117,756	468,654	22,935	1,580,764
Jacksonville	4,133,865	2,943,522	51,446	2,729,380	162,676	21,208	1,169,135
Joliet	7,044,265	5,385,956	None	5,071,718	314,238		1,638,309
La Salle	1,874,406	1,403,555	90,200	1,239,122	83,233		470,851
Moline	5,702,067	3,737,721	336,478	3,085,511	315,732		1,964,346
Ottawa	2,385,836	1,453,332	30,445	1,313,031	109,846		932,514
Peoria	19,508,578	14,992,937	215,600	13,920,315	867,022		4,515,641
Quincy	6,102,393	4,287,629			239,992		1,814,764
Rockford	17,094,294	11,790,526	1,067,481	10,109,779	550,798	62,568	5,303,668
Rock Island	5,845,494	4,469,492	160,658	4,017,844	290,990		1,396,002
Springfield	16,227,255	12,054,490	None	11,551,060	502,884		4,172,765
Streator	2,652,072	1,922,533	10,767	1,649,470	262,295		729,539
Urbana	2,082,648	1,673,004	13,853	1,528,213	124,898	6,000	415,684

PERSONAL PROPERTY TAXES.

It is quite possible that variable standards of real property assessment prevail in different municipalities, but these cannot be ascertained without a more intensive investigation than has here been possible. It is even more probable that there is an inequality of personal property assessments,²⁰ which may be shown through a comparison with the assessments of the cities.

Table 2 is an exhibit of the property assessment of the cities considered giving the assessments in the classes under which they are returned. In table 3 is the ratio of the real and personal assessment to the total assessment in each city, as compared with the ratios in the counties in which these cities are located,²¹ as well as the ratio of personal property to the assessed value of city lots. That these ratios would have a considerable range would be anticipated, since sections of the state vary widely in the amount and nature of their wealth. That this variation is greatest within cities is apparent. Of the assessed valuation in counties, the proportion of personal property to real estate is least in Champaign county, being 16.8% of the total, the greatest in Kane county, where it constitutes 27.87% of the total assessment. Thus the variation has a range of 11.07% of the whole. The least proportion of personal property in cities is in East St. Louis, 13.5%; while the largest proportion, 39%, is in Ottawa. The variation is 25.5% of the whole, or twice the variation as between counties. Large manufacturing or railroad properties situated in a locality would tend to increase the real property ratio, but cannot account for the entire difference. That the method of assessing personal property is to a large extent responsible for this is proven by comparing two corporations of a homogeneous character, as the contiguous cities of Champaign and Urbana. In the former, personal property constitutes 28.9% of the total assess-

²⁰Fairlie, *supra cit.* p. 41.

²¹Biennial Report of the Auditor of Public Accounts (1908) p. 154.

ment, while in the latter it is only 19.7%. Similarly, the Rock Island assessment has 23.5% in personality, while in the adjacent city of Moline 34.5% of the property is personal. Elgin and Aurora are cities of similar size and nature, in the same county; personal property amounts to 38% of the total assessment in one, and to only 26.2% in the other.

In order to eliminate any bias which might occur by including vacant lands and railroads in the real property assessment, the personal property of each city has also been compared with the assessed value of city lots. It was, however, impossible to separate telegraph and telephone values from the personality, as was desirable for this comparison. By this method, Ottawa still had the largest proportion of personal property, 41.5% of the total; Urbana had least, 21.6%. The range of variation was 19.9%, or several percent less than in the comparison made with the total real property.

The variation in assessments is further emphasized by a review of the per capita assessments of real and personal property in each city. In two cities in which the real property assessment ranges from \$202 to \$203 per person, the per capita assessment of personal property varies from \$122 to \$50; and in seven cities in which the real property assessment varies from \$155 to \$195 per capita, the personality assessment varies from \$27 to \$91.

These figures indicate the danger of accepting the city tax rate as testimony of the cost of administration. Rockford has the lowest tax rate for general purposes of the cities considered, yet has a per capita assessment almost double the average for the state. Quincy with the highest tax rate for general purposes is among those having the smallest per capita assessment.

Though the amount of personal property varies in each community, the facts indicate that several cities are collecting taxes on much less than the tangible personal property within their jurisdiction. Under such conditions

an increase of city revenues may be more or less easily secured by action of the township assessor and the county board of review.

TABLE 3.

RELATION OF THE ASSESSMENTS OF REAL AND PERSONAL PROPERTY TO THE TOTAL ASSESSMENTS IN CITY AND COUNTY, AND THE RELATION OF THE CITY PERSONALTY ASSESSMENT TO THAT OF CITY LOTS.

City	County	County 1907		City, 1909		Personal to Lots only	
		Real	Personal	Real	Personal	Real	Personal
Alton	Madison	73.44	26.56	65.2	34.8	62.2	37.8
Aurora	Kane	72.13	27.87	73.8	26.2	71.5	28.5
Belleville	St. Clair ...	80.30	19.70	75.2	24.8	73.0	27.0
Bloomington	McLean	80.12	19.88	75.3	24.7	71.5	28.5
Champaign	Champaign .	83.18	16.82	71.1	28.9	69.6	30.4
Danville	Vermilion .	79.90	20.10	65.3	34.7	66.1	33.9
Decatur	Macon	80.94	19.06	70.0	30.0	68.0	32.0
E. St. Louis	St. Clair....	80.30	19.70	86.5	13.5	77.6	22.4
Elgin	Kane	72.13	27.87	62.0	38.0	60.5	39.5
Evanston	Cook	77.20	22.80				
Freeport	Stephenson	76.14	23.86				
Galesburg	Knox	76.50	23.50	75.0	25.0	72.0	28.0
Jacksonville	Morgan	79.44	20.56	71.5	28.5	69.7	30.3
Joliet	Will	81.00	19.00	76.5	24.5	75.8	24.2
LaSalle	LaSalle	82.56	17.44	75.0	25.0	71.5	28.5
Moline	Rock Island	78.07	21.93	65.5	34.5	61.2	28.8
Ottawa	LaSalle	82.56	17.44	61.0	39.0	58.5	41.5
Peoria	Peoria	80.44	19.56	76.9	23.1	75.7	24.3
Quincy	Adams	72.20	27.80	70.2	29.8		
Rockford	Winnebago	74.94	25.06	69.0	31.0	65.4	34.6
Rock Island	Rock Island	78.07	21.93	76.5	23.5	74.6	25.4
Springfield	Sangamon .	80.63	19.37	74.0	26.0	69.0	31.0
Streator	LaSalle	82.56	17.44	72.6	27.4	77.9	22.1
Urbana	Champaign .	83.18	16.82	80.3	19.7	78.4	21.6

LOSSES IN COLLECTION.

Another cause of considerable loss to cities is that of interest on delinquent taxes. The average term of municipal loans made in anticipation of taxes is about five months, or only a trifle longer than that allowed for the collection of taxes. The township collector relinquishes his books on the tenth of March and the duty of collection passes to the county treasurer, thus necessitating duplication of the collection machinery. An idea of the importance of this latter officer in the collection of delinquent city taxes may be gained from the following exhibit, which gives the sums received by a number of cities during the fiscal year 1909 from the two collecting agents, and the percentage of the total receipts accredited to each. It has been suggested that one of these agents be eliminated with a view of lessening the expenses of collection.²²

TABLE 4.

CITY RECEIPTS FROM TOWN COLLECTORS AND COUNTY TREASURERS, 1909.

City	Town Coll.	Per Cent	County Coll.	Per Cent
Evanston	\$73,889	53.3%	\$64,757	46.7%
Joliet	61,347	49.6	62,392	50.4
Ottawa	39,390	71.8	15,419	28.2
Peoria	218,022	75.2	71,538	24.8
Rockford	66,320	43.6	131,861	56.4

One of the fixed charges in the collection of taxes is the percentage going to the collector for remuneration; to which may be added the fee of the county clerk for extension. In addition to the 2% collection fee, in Freeport the reserve for the loss through unpaid taxes and cost of collection of delinquent taxes was 1.1% of the total levy, or a total of 3.1%. Evanston, in addition to the charges of the collector, paid the county treasurer .03% of the total for the extension of the levy, and .92% of his collections as a commission. Based upon the amount levied, 1.46% was deducted for the cost of collection, .032% for clerk's fees; and 4.78% was uncollectable, making the

²²Fairlie, *Taxation and Revenue System of Illinois*, p. 17.

theoretical net income to the city 93.728% of the levy. Of the losses the largest item of 4.78% was diminished a fraction of a percent by the payment of back taxes. Through back taxes and the extension of the levy specified in the ordinance, the city received 94.5% of the sum requested. The same city realized 93.4% of the library taxes levied, 4.18% of the loss being in uncollectable taxes. The amount of back taxes received was only .01375% of the total levy.

Thus far no reference has been made to the Road and Bridge tax which by the law of 1883²³ may be assessed in each township. Under this provision one-half of such receipts are returned to the cities in the township for the building and repair of roads. By an act of 1909²⁴ the statute was changed so that cities over 20,000 were to receive all such taxes levied within their boundaries, which was deemed a more equitable distribution. There has been, however, some question as to the legality of the change. In Danville the city was not allowed to come into possession of the funds; and Rockford has been sued by the township highway commissioners for \$60,000, which was received by the city. In table 30 in a statement of the shares of the Road and Bridge tax which came to the cities in 1909. Owing to the present legal situation, comment would be useless.

²³*Rev. Stat.* ch. 121, par. 16.

²⁴Laws of 1909, p. 332.

CHAPTER II

LICENSES AND POLICE FINES.

LICENSE REVENUE.

License charges are legally of two kinds,—those relating to occupations and industries which may be absolutely prohibited, and those upon industries which only permit of regulation. A more practical division, however, is made upon the basis of financial return to the municipality, liquor licenses being placed first, followed by general licenses, business licenses and the vehicle tax. It is in this order that they are discussed.

Liquor Licenses.

The power of the legislature to tax the traffic in intoxicating liquors is enumerated in the constitution of the state¹ and was delegated to municipalities by the general act of 1872.² This act gave to city councils the right to regulate, license and prohibit the selling of malt, mixed or fermented liquors, any license not to extend beyond the municipal year in which it was granted. It is further provided that cities must, in licensing, conform with the general state laws in force.

There are now a number of state statutes, providing among other things, that the minimum license for a shop where the aforementioned liquors are sold at retail shall be \$500 per year, which sum shall be collected in advance for such periods as the city council may designate. Licenses for the sale of malt liquors may not be granted for less than \$150 per year. There are no state laws concerning the wholesale liquor trade. The imposition of a license on these dealers lies in the discretion of the municipal councils.

¹Const. of 1870, Art. 9, par. 1.

²Hurd's *Revised Statutes*, (1908), ch. 24, par. 62, item. 46.

When a license is required, the penalty for operating without one is a fine of from \$50 to \$150, the possession of a government permit being *prima facie* evidence of the sale. Any license is subject to revocation should the owner maintain more than one saloon, or permit disorderly conduct or gambling.

The holder of a dramshop license is required to provide a bond of \$3,000 to cover any damages which may be sustained by reason of his selling intoxicating liquors; and he may be required to support a person kept in a state of continual intoxication. The rights of an injured person, his heir or employer, may be enforced against the owner of the building in which the offending saloon is located.

Certain matters of regulation are left to the local authorities, among which are eligibility for a license, maximum cost of the license, distribution of the license money, periods of payment, limitation of the license district and restriction of the number of saloons.

Table 31, giving the percentage of total city income received from liquor licenses, ranging (in license cities) from 20.7% in Aurora to 41.3% in Streator, shows the importance of such revenues to municipalities. It will be generally admitted that the presence of saloons is not an unmitigated benefit, yet city revenue systems have been constructed with a view of large incomes from this source. The problem of saloon licensing is therefore one of securing the maximum revenue with the least harmful results.

Table 5 states the number of saloons in each city, population per saloon, license rate, license income per inhabitant, periods of license payment, restrictions upon the saloon district, and upon the number of saloons. It is usually accepted as true that a high license rate reduces the number of saloons and increases the amount of revenue. While this is a reasonable proposition it cannot be proved by a comparison of the per capita license income in high and low license cities. That a city has a high license is indicative that its population is not given to the large sup-

port of saloons, and hence the number is automatically limited. Further, six of the seven cities which charge more than \$500 for a license place an arbitrary restriction upon the number of licenses issued.

TABLE 5.

NUMBER OF SALOONS, POPULATION PER SALOON, LICENSE RATE, AND OTHER DATA RELATIVE TO THE LIQUOR TRAFFIC IN ILLINOIS CITIES, 1909.

City	No. of Saloons	Pop. per Saloon	License Rate	Lic. income per inhab.	Periods of Payment	Restriction of District	Restriction of Number
Alton	68	257	\$500	1.72	Annual	"Usual"	None
Aurora	42	710	1000	1.43	Semi-ann. ³	Fire limits	1000 pop. ⁴
Belleville ..	113	187	500	2.63		None	None
Bloomington	76	339	600	1.86	Quart.	None	None
Danville	76	366	800	2.39	Quart.	Bus. Section	500 pop. ⁴
Decatur ¹ ...	48	648	1000	1.54	Semi-ann.	Bus. Section	None
E. St. Louis.	343	171	500	2.65	Quart.	"Discretion of Mayor"	None
Elgin	34	764	1000	1.31	Semi-ann.	Fire limits	33 for 25,000 1 per 1,000 add.
Freeport ...	46	382	500	1.30		Bus. Section	None
Joliet	136	255	1000	3.92		"Usual"	500 pop. ⁴
LaSalle	57	202	500	2.70	Annual	⁵	250 pop. ⁴
Moline	63	384	1002	2.60	Semi-ann.	None	500 pop. ⁴
Ottawa	49	194	500	2.65	Quart.	None	49 Saloons
Peoria	300	223	600	2.05	Quart.	None	400 pop. ⁴
Quincy	145	252	500	1.98			
Rockford ¹ ..	50	908	1000	1.14	Semi-ann.	Bus. Section	1000 pop. ⁴
Rock Island.	96	253	500 ²	1.97	Semi-ann.	None	None
Springfield .	200	258	500	2.10	Annual	"Usual"	None
Streator	65	219	500	1.87	Quart.		66 Saloons

¹1910—"Dry" during period studied.

²Now \$600.

³Bond given for last installment.

⁴Limit will become operative only when population increases.

⁵No saloons in residence district except those already there.

Ten of eighteen cities so restrict the number of licenses issued, eight of these limiting upon the basis of population. In most cases, however, the number of saloons exceeds the number the restriction would normally allow, and there must be a large increase in population before there can be an increase in liquor shops. In Elgin and Decatur an arbitrary minimum of saloons was fixed, any increase to follow an increase in population. In each instance of restriction of number, the licenses already issued assume a monopoly value. Since the municipality has limited its own income incidental to this, it appears reasonable that such increment should be turned to the city treasury. An example of such loss accompanying the limiting of the number of saloons is found in LaSalle, where the number was decreased from 66 to 57, involving a shrinkage in license fees of \$4500. A similar decrease in income was experienced in Rockford, which city actually restricted the number of saloons to one for each 900 inhabitants; while Decatur, a city with a similar class of citizens and a similar attitude toward the liquor question, supports one saloon for each 600 people.³ On this basis the former city was losing by restriction of the number of licenses the revenue of twenty saloons, or \$20,000. As the saloons established were approximately transacting the business which might be done by twenty more, they should bear the loss incurred by the city by reason of the monopoly allowed. This would raise the license rate in Rockford to \$1400 per year.⁴

More than one-half of the cities studied restrict the license district to the fire limits or to the business district. In the others the only check upon location is the usual legislative provision concerning frontage signatures. Saloons in the residence districts naturally increase the license revenues, but have many objectional features in addition to necessitating a direct increase in the police force.

³Both cities went "no license" in 1908; have since gone "wet" and enacted stringent laws regarding the sale of liquor. Rockford in 1912 again reversed its position.

⁴Similarly an equitable license rate in Elgin would be \$1175; and in Aurora \$1100.

Of fifteen cities two require that the license fee be paid annually; six, semi-annually; and the remainder, quarterly. Under a system by which cities do not receive interest upon their funds on deposit, there is little object in requiring that the license payment be made at the beginning of the year. However, the interest upon the considerable sums of license money would amount to several hundred dollars per year for each city, were licenses paid at the beginning of the year and interest collectable.

It has been mentioned that the law requires licenses to be paid for in advance. In Chicago, thru neglect to enforce this provision, losses were formerly large.⁵ Saloons neglected prompt payment, and if going out of business paid only a prorata for the time open. In the smaller cities of the state this is never the case. Of nineteen cities, sixteen require that the fee be paid strictly in advance; two, (Ottawa and Rock Island) allow from a few days to a week of grace, and in only one city (Springfield) were payments reported seriously in arrears.

Nor do refunds make any considerable inroads into the sums collected. Five cities reported refunds of saloon licenses: Rockford, to the amount of \$478; Rock Island, \$250; and Peoria, \$1083.⁶ This last city refunds only in case of unavoidable accidents,—“an act of God”. Springfield refunds for the same reason; Decatur also refunds; but in these last two cities the refunded amounts could not be obtained.

General Licenses.

The authority to require other licenses as a means of revenue is also derived from the constitution. The legislature is granted the power to tax by general law, peddlers, auctioneers, brokers, hawkers, merchants, commission merchants, show men, jugglers, inn keepers, and grocery keepers; toll bridges and ferries; insurance brokers; telegraph and express interests; vendors of patent

⁵Merriam, *Municipal Revenues of Chicago*, p. 115.

⁶Includes refunds of taxes.

medicines; and persons owning and using franchises and privileges.⁷ Such taxation is definitely authorized by law for purposes of revenue, and hence is not dependent for its legality upon police powers.

By a series of acts, the legislature has authorized municipal licensing of nearly every occupation which partakes of a public or quasi-public character, enjoys special privileges, or requires police supervision.⁸ It is impractical to make an accurate calculation of the value of a privilege which an occupation may enjoy, but such occupations are the object of an easily imposed and collected tax. Expediency in taxation is frequently paramount to absolute justice. In any event the incidence of license taxes is often shifted to some extent, and in all probability works no greater injustice than other frequent forms of taxation.

By statute cities have acquired the right to license, regulate and suppress the following occupations and businesses,⁹—wharf boats and tugs used about harbors or within the jurisdiction of the same; hawkers, peddlers and pawnbrokers; keepers of ordinaries, theatrical and other exhibitions, shows and amusements, billiard and pool tables; bowling alleys; and transient vendors of merchandise.¹⁰

The privilege of peddling merchandise is given to ex-union soldiers free of charge upon demand and after presentation of proof of army service;¹¹ and every farmer, fruit and vine grower has the right to sell his own produce where such articles are usually sold without a city

⁷Const. Art. 9, par. 1.

⁸"Altho a constitution grants to a legislature the power to impose certain classes of occupational taxes which are enumerated, it may delegate to municipal bodies the power to impose for municipal purposes, taxes which are not included in the constitutional enumeration." Wiggins v. Chicago, 6 Ill. 372.

⁹The courts have held that the legislature may delegate its power to the local authorities by general law. See Braun v. Chicago, 110 Ill. 190.

¹⁰Rev. Stat. ch. 24, par. 62, items 35, 41 *et seq.*

¹¹Ibid ch. 24, par. 651.

license, any ordinance to the contrary notwithstanding.¹² The streets, however, must not be obstructed nor the liquor laws violated. The licensing of houses of prostitution or the medical inspection of the same is expressly forbidden.

Municipalities are granted the right to license and to regulate, but not to suppress, in the following instances,—runners for stages, cars and public houses; wagons and other vehicles conveying loads within the city, or any particular class of such wagons and other vehicles, and to prescribe the width of tire for the same;¹³ hackmen, draymen, omnibus owners, carters, cabmen, porters, expressmen, and all others employed in like occupations, and to prescribe their compensation; second-hand¹⁴ and junk stores, and to forbid them from purchasing and receiving from minors; auctioneers; distillers and brewers; lumberyards, livery stables, public scales, blacksmith shops, foundries, and brokerage shops. Dogs may be taxed and restrained. Elevator operators and plumbers may also be examined and licensed, and an additional license may be imposed upon plumbing establishments.¹⁵ The license fee on vehicles when collected must be kept in a separate fund and used only for paying the cost and expense of street and alley improvement and repair.¹⁶

Foreign insurance companies are required "upon demand to pay into the treasuries of the cities in which they have agents, not more than two percent of the gross receipts upon the insurance in force within the boundaries of the municipality."¹⁷

Not all of the license income received is turned into the general treasury of the city collecting it. In municipalities having more than 50,000 inhabitants the firemen's relief fund is the recipient of one-half of the fire insurance

¹²*Rev. Stat.* ch. 5, par. 23.

¹³*Ibid* ch. 24, par. 62, items 43, 96.

¹⁴Does not include book stores. *Eastman v. Chicago.* 79 Ill. 178.

¹⁵*Rev. Stat.* ch. 24, par. 62, item 42 et seq.

¹⁶For constitutionality see Harder's Fire Proof Storage and Van Co. v. Chicago. 235 Ill. 58.

¹⁷*Rev. Stat.* ch. 24, par. 423.

tax.¹⁸ Also the police pension fund in such cities is made up in part of three-fourths of the dog tax, three percent of all other city licenses up to \$2500, and the fines from the violation of the police ordinances. In cities of smaller size the police pension fund consists in part of three-fourths of the dog tax, two percent of the saloon licenses (upon vote of the citizens), ten percent of the city ordinance fines and ten percent of all other licenses, the total not to amount to more than \$2500 in a year.¹⁹

Table 6 is a statement of the total income from all licenses (except wheel and insurance taxes) for the year 1909 in the cities under consideration; of this income classified according to the more important sources; and of the per capita income excepting that from saloons. Where the income is not separated into its several sources the information was not available. The division of "other licenses" consists of scattering miscellaneous licenses and the more important business taxes which are considered later.

The most striking feature of the table is the wide variation in the per capita income from general licenses which ranges from as low as four cents per person in Ottawa, to thirty-five cents in East St. Louis.

The largest of these variations is accounted for by the collection of business taxes in certain cities, but the variation among others is sufficient to demonstrate the desirability of systematic licensing and collection.

It is evident that general licenses can be depended upon to contribute annually from \$1000 to \$5000 of the municipal income providing there is a proper system of levy and collection. Unfortunately no plan has been advanced to insure payment, other than that of tagging, which can be employed only in special cases. In frequent instances the enforcement of certain licenses has been allowed to lapse entirely. An example of this is the tax on dogs, which if effectively applied will produce \$1000 a year in cities of even moderate size. In Rockford the tax is author-

¹⁸Rev. Stat. ch. 24, par. 382.

¹⁹Rev. Stat. ch. 24, par. 391.

TABLE 6

TOTAL AND PER CAPITA INCOME FROM LICENSE TAXES, ILLINOIS CITIES, 1909

City	Per Capita income aside from Liquor	Total License Income	Liquor	Druggists	Theatre and Amusements	Billiard, Pool, Bowling, and Shooting Galleries	Dogs	Peddlers and Itinerant Merchants	Draymen and Hacks	Other Licenses
Alton	\$.31	\$36,173	\$30,684	\$ 37	\$ 370	\$ 265	\$1,106	\$ 75	None ¹	\$3,634
Aurora ..	.10	45,974	42,824			935	None	400	\$ 230	1,585
Belleville .	.18	60,442	55,691	120	246	718	804	240	None ¹	2,621
Bloom'n ..	.17	52,549	47,900	180	518	1,130	None	705	455	1,659
Champ'n .	.16	1,994	None	None	583	1,040	None	161	201	None
Danville .	.11	70,645	66,600	None	900	306	None	755	110	904
Decatur ...	.10	3,191	None	None	762	410	375	1,361	263	1,483
E. St. Lo's	.35	179,809	155,410	798	861	120	2,081	4,295	None ¹	16,243
Elgin .....	.12	37,114	34,000				870			
Evanston .	.22	5,510	None				2,187			
Freeport ..	.11	25,160	None		4.87		542			
Galesburg .	.10	2,529	None				238			
Jack'velle...	.05	876	None	None	250	520	None		None	106
Joliet .....	.07	139,045	136,000	160	550	919	666	320	101	1,075
LaSalle ...	.13	34,400	33,110	None	265	None	260	370	87	308
Moline ....	.14	66,226	63,126						370	3,130
Ottawa ....	.04	25,680	25,250	90			110			
Peoria .....	.18	149,300	137,307	1,144	1,587	925	1,940	1,674	538	3,141
Quincy ....	.21	80,091	72,500				1,928			
Rockford .	.09	4,056	None							
Rock Isl'd	.14	51,697	48,025	90	965	560	176	868	243	770
Springf'd	.14	115,604	108,435	613	851	96	None	609	317	4,682
Streator ...	.06	27,764	26,750	None	225	340	103		90	256
Urbana ...	.05	405	None	None	100					

¹Included in wheel tax.

Absence of data does not necessarily signify that no such tax is required, but may mean that the amount collected was so small as to be reported under "other licenses."

ized, but the ordinance is a "dead letter". Such a condition is better, however, than the unequal enforcement of the law in Ottawa, Galesburg, Streator, and more strikingly in Rock Island. Each of these cities except Streator has a larger population than Freeport, yet no one of them received an amount from dog taxes equal to half that collected in the last named city.

On the other hand, an example of a license which is almost uncollectable is that on hotel "runners" or porters. Peoria, with its numerous hotels, received three dollars in 1909 from this source. In Rockford no attempt is made to enforce the licensing ordinance. A license tax of this nature may be classed with those frequently intricate ordinances taxing peddlers, hawkers and auctioneers. In Urbana an ordinance of this kind by a complicated classification of the goods sold, method of transporting them and the length of time the permission is to continue, invites non-enforcement by its complexity.

Table 7 is a compilation of the principal licenses and the rates imposed in the twenty-four cities under consideration. The field is very wide; yet from the point of view of revenue only a few occupations furnish any considerable income. The most important sources are baggage and express wagons, billiard and pool halls, druggists, pawnbrokers, junk and second hand stores, and theatres of all types. These industries have been long subject to license taxation, and a review of the city reports shows that licenses of this kind form the backbone of the license income. The businesses are permanent; the burden of the tax can be shifted in most cases only upon the well-to-do; and, what is more important, the taxes are easily collectable. The remainder of the occupations subject to licensing are of less permanent character, or of such a nature that a heavy license would be oppressive. Under such conditions license taxation is most successful if concentrated on a few occupations where the returns will be productive, rather than scattered over a variety of trades at low rates.

TABLE 7. PRINCIPAL LICENSES AND RATES,¹ 1909.

	Auctioneers	Billiardists ^a	Bowlings	Billiards ^a	Billet Posters	Breweries	Brewery	Cigarettes	Dance Permit	Dogs	Ferry Boats	Hawks	House	Mercantile	Merry-Go-Rounds	Wagons	Million
Alton	\$ 15d	\$ 5	\$ 5	\$ 25	\$ 100	\$ 25 ³	\$ 25	\$ 25	\$ 25	\$ 25	\$ 2	\$ 2	\$ 50 ^y	\$ 125 ^x	\$ 10	\$ 3d	\$ 15
Aurora	n	x	15	100	25 ³	x	250	n	n	10	3	x	x	x	10	5	5
Belleville		x	15	25	15	100	5	10	10	10 ⁸	n	25m	n	25m	n	10	2.50
Bloomington	50	4-12	15	15	n	n	200	n	25	n	25	10	75m	n	15w	5	
Champaign	10	7.50	10	15	15	200	200	n	25	100	5	35	10	50	25	x	5
Danville	25	1	2½-5	5	50	5-10	200	200	25	1-2	100	5	35	10	50	25	5
Decatur	75	5	5	5	10 ³	x	n	x	25	1-2	100	5	35	10	50	25	5
E. St. Louis	50	25 ³	10	25 ⁶	15	20 ⁶	15	n	100	5	25	1-2	100	5	25	10	5
Elgin	25	2½-5	x	200 ³	n	200 ³	n	100	5	25	1-2	100	5	35	10	50	25
Evanston	15	10 ²	n	5-10	n	5-10	n	n	5	1	1	1	n	n	n	n	5
Freeport	n	5	15-25	25	n	10 ³	10	10	50	10	2	1	12	50	20w	n	1
Galesburg	10	n	n	100 ³	40	10	25	n	15	1-2	100	5	35	10	50	25	5
Jacksonville	n	n	20	20	n	n	n	n	50	10	2	1	12	50	20w	n	10
Joliet	10	n	100 ³	40	10	25	n	n	50	10	2	1	12	50	20w	n	5
LaSalle	n	5	n	25	n	25	n	n	50	10	2	1	12	50	20w	n	10
Moline	50	10	15	50	n	n	n	n	50	10	2	1	12	50	20w	n	5
Ottawa	50	n	n	3	n	100 ³	100	100	25	10	1	1	3	150	25	n	5
Peoria	10	2-3	100 ³	40	10	10 ³	x	x	n	10	2	1	1	n	100m	n	5 ¹⁰
Quincy	n	x	5	5	n	10 ³	x	x	n	25	1	1	1	n	100m	n	5 ¹⁰
Rockford	25	2	30-10 ^a	20	25 ³	n	n	f	n	20	1 ⁹	n	1-3d	5	25	n	1
Rock Island	100	5	10	50	10	25	x	f	25	1-2	100	20 ⁸	x	25	50	20w	5
Springfield	100	5	100	100	100	100	x	f	25	25 ⁷	1	1	1	35m	n	n	5
Streator	n	5	10	n	300	300	x	f	25	25 ⁷	1	1	1	35m	n	n	5
Urbana	20	7.50	5	10	10	10	10	10	10	1-2	100	20 ⁸	x	25	50	20w	5

Footnotes, see p. 38.

TABLE 7.—Continued. PRINCIPAL LICENSES AND RATES,¹ 1900.

	Museums	Pawnbrokers (waggon)	Peddlers (cart)	Pool	Rummagers	Scales	Stores hand stores	Shoemakers gallows	Skating rink	Theatres (1st class)	Wholesale liquor	Circuses (1st class)	Junk Dealers	Scavenger \$
Alton	\$ 200	\$ 50	\$ 5m	\$ 5m	\$ 5m	\$ 5m	\$ 5m	\$ 5m	\$ 25	\$ 25	\$ 25	\$ 25	\$ 10	\$ 50
Aurora	n 100	150	4d	50m	50m	50d	15	n	25	n	100	50	50	50
Belleville	50	50	5d	2d	2d	2d	15	5	25	n	50	50	50	50
Bloomington	100	100	5d	3m	3m	3m	15	n	25	n	150	75-60	n	40 ¹⁴
Champaign	5	5	25m	20	20	20	2½-5	10	50	50	150	75	50	5
Danville	5d	50	35	1	1	5	5	25	x	10	60	n	100	10
Decatur	150	10	25	25	10	10	10	10	25	25	150	100	100	10
E. St. Louis	100	50	n	n	n	15	25	10	25	100	100	n	10	25
Elgin	50	50	25	25	25	200 ³	n	n	n	100	n	n	20	5 ¹²
Evanston	n	25	n	n	n	10-5a	n	n	30	150	100	n	125	n
Freeport	n	n	n	n	n	n	n	n	1	75	100	50	50	15
Galesburg	100	50	n	n	n	25-15a	20	n	n	100	25	40	n	n
Jacksonville	n	n	n	n	n	4d	100 ³	3	10	50	50	50	50	50
Juliet	50	50m	n	n	n	2d	5d	n	n	10	120	120	n	10
LaSalle	n	25	n	n	n	50	50	15	1	2	25	25	50	25
Moline	50	50	50	2d	2d	n	n	n	50 ¹⁵	n	n	n	2	5
Ottawa	n	3d	25	n	n	n	n	n	50	50	50	50	n	50
Peoria	n	50	12½m	1.50d	1.50d	1w	1d	3	25	10	3	n	n	25
Quincy	15m	50	1.50d	1.50d	1.50d	1w	1d	5	n	2d	n	100	50	25
Rockford	50	50	3d	3d	3d	3d	30-10a	12	n	30	n	n	100	n
Rock Island	50	50	3½m	3.50m	3.50m	3.50m	10	5	10	50	50	50	100	n
Springfield	1d	100	3½m	n	n	8m	6m	5	10	50	50	100	25	30
Streator	n	50	n	n	n	50	5	n	20	5	50	50	300	n
Urbana										5m	75	25	n	n

Footnotes, see p. 38.

Whether a heavy license should be imposed upon the baggage and express business is questionable. The industry makes special use of the city streets, for which payment may be expected; at the same time it serves as a refuge for a class of broken down men who frequently earn only a bare livelihood.

A heavy license tax on billiard and pool tables and upon bowling alleys is a profitable source of revenue. A number of cities charge only \$5 per table, while in Danville the tax falls as low as \$2.50 per table, the annual income being only a trifle over \$300. Evanston, Joliet and Peoria charge large sums for the privilege of conducting these businesses, a practice, which, while it gives a monopoly to a few places, makes collection easy. Only a quarter of the cities charge more than \$5.00 per table which sum with a view to revenue is too small.

On bowling alleys the prevailing licenses are \$10 and \$15 per alley, altho in Freeport the charge is as low as \$5 per year. Where a charge is made for the business rather than by the alley, the rates are much lower. In Evanston such charge is \$200, but the next highest rate is \$25, which prevails in three cities. In two other municipalities the business rate falls as low as \$10.

The druggist license is usually a small fee for permission to sell liquor, presumably for medicinal purposes, altho this restriction is notoriously violated. The predominating license rates are \$15 and \$25 dollars per year. In two instances, however, it is \$5.00 and in one case only one dollar. In Bloomington there is an occupational tax of

FOOTNOTES TO TABLE 7.

f—Sale forbidden, but ordinance not enforced.

n—no data.

x—taxed under other classification.

a—larger sum for first table, smaller for each add.

y—year.

d—day.

w—week.

m—month.

¹A blank means not taxed.

²By other than auctioneer.

³Total business.

⁴Per table unless otherwise designated.

⁵Circus bill posters \$5.00 per day.

⁶Not now enforced.

⁷Fee only.

⁸Occupational tax on all pharmacists.

⁹Not enforced.

¹⁰Any place where milk is sold.
¹¹\$2.50 per 100 scale tickets, which sell for \$10.

¹²Per wagon.

¹³An initial franchise tax.

¹⁴Grade one.

¹⁵On city property.

¹⁶\$10.00 per wagon additional.

\$10.00 per year upon all pharmacists. On the whole the drug license is widely used and generally collected, but is not as large as the nature of the drug business justifies.

Pawn shops, junk and second hand stores form a class by themselves, the licensing of which is largely a police measure. Pawn shops require an amount of police supervision and the rate of taxation is necessarily high in order to limit the number. Junk shops are licensed with a view to police regulation, but the object would perhaps be better secured by extending the licensing to the wagons used in collection rather than upon the warehouses, and there would result an increase of revenue.

Theatres are perhaps the most unevenly taxed business of the group,—the license rate in cities of the same size ranging from \$25 to \$150. The predominant rate is from \$50 to \$100, altho six cities charge more than this latter figure. The moving picture show is highly taxed in most localities, the business being supposedly profitable and requiring increased fire protection.

Brewers, brewery agents and wholesale liquor dealers are not as extensively or as heavily levied upon as the nature of their business would seem to justify. Since retail liquor dealers are taxed from \$500 to \$1200, it appears but reasonable that wholesale dealers should contribute more than \$25, as is the case in Rock Island and Quincy. Also if a business is of such a nature that it is taxed \$300 per year in one city, it is questionable if it should be exempt from taxation in others.

Itinerant merchants, licensed, in some cities, from \$25 to \$100 per month, are in other cities escaping with less than a reasonable charge. It cannot be said that their presence promotes a healthy growth of home industries; or is entirely lacking in the need of police supervision; nor are they subject to the general property tax. Perhaps in this instance a much higher license than that which the municipalities are assessing would be expedient upon the grounds both of revenue and of public policy.

Milk wagons in all but seven of the cities pay a nom-

inal fee to facilitate inspection. In two instances, Peoria and Rock Island, the licenses apply to all places where milk is sold. The usual rate is \$5 per year, tho it is as high as \$15 in Alton, and falls to \$1 in Freeport and Rockford. The total revenue is not large, but should be sufficient to cover the costs of inspections and testing.

The high cigarette license tax is normally imposed with a view to decreasing the sales. It usually results in giving a single merchant a cigarette monopoly, as was originally true in Rockford; or for several dealers to take out licenses at a loss,—in which case the tax is really one upon the retail tobacco business. Or a large tax may prevent any dealer taking a license, in which case the ordinance is widely violated. This situation was found in both Ottawa and Rockford. A more reasonable license than that now imposed in the five cities licensing the sale of cigarettes,—possibly \$50 per year,—would prevent the indiscriminate sale by small dealers and grocers, and would materially reduce or eliminate evasions of the law by tobacco dealers. The result would be a \$50 tax on the retail tobacco business, tho it would have the appearance of an optional payment.

In addition to the licenses enumerated in table 7 there are numerous others which are operative in only a few cities. A complete list would include striking machines at \$1 and \$10 a day in Aurora and Urbana respectively; ice cream wagons, \$5 in Belleville; street cars in several cities;²⁰ solicitors for merchants, at \$50 in East St. Louis; mechanical clocks at \$2.50 in Aurora; distilled water dealers, \$5 in Evanston; awning manufacturers, \$25 in Joliet and Peoria, or at \$10 when more than one person shall be engaged in the business; keepers of gunpowder, \$3 in Galesburg; and the penny arcades in several municipalities, either by specific designation or under the classification of general amusements.

Cities are also permitted to examine and license plumbers, the fee being \$50 for master plumbers, and \$1

²⁰See Public Service Privileges, ch. IV.

for journeymen; and to renew the same annually for \$10 and \$2 respectively.²¹ In Rockford examination and renewals returned \$481, or \$449 net, which "as has always been the custom was divided equally among the three members of the board".²² Electricians pay an annual license of \$5 in Peoria, the total income from this tax being \$501. Aside from these mentioned, and single instances of a tax on bakers and pharmacists, occupational licensing has made little progress in the cities of Illinois.

The business of plumbing pays \$10 license in Decatur, Ottawa, LaSalle, Bloomington, and \$20 in Moline. Drain layers are licensed at \$10 in Rockford and Peoria.

Business Taxes.

It is not always easy to distinguish between the objects of business taxation and general licensing tho it is desirable to discuss them separately. Certain trades, as druggists, pawnbrokers, second hand dealers, junk shops, etc., have been long subject to licensing and by nature seem to invite public supervision. On the other hand, other businesses have no special characteristics which justify licensing and taxation unless such taxes are imposed on all. Licensing within this group is justified only by the requirement of revenue, and the desirability of an easily assessed and collected tax.

The statutes are sufficiently broad to permit the licensing of almost any business which the city authorities may think necessary,²³ yet the practice of business taxation has been extended in only a limited radius from East St. Louis. This city apparently borrowed the practice from its Missouri namesake. Table 8 is an exhibit of the rates of business taxes and the total amounts received by each city from this source for the year 1909. East St. Louis, Springfield, Belleville, and Alton are the only municipalities receiving a considerable revenue from this source,

²¹Laws of 1909, p. 132.

²²Annual Report of Rockford, 1909, p. 88.

²³Rev. Stat. ch. 24, par. 62, item 95 *et seq.*

although several other cities license an occasional trade. The most productive license is that on butcher shops, which in Alton paid \$1988 during 1909. In the same city, livery stables and lumber yards contributed \$125 for each class, and restaurants \$282.

In Belleville the most important of the business taxes was that upon vendors of provisions, the return being \$720. Vendors of bread, fruit, etc., paid \$355; real estate brokers paid \$337; and livery stables, \$100. In East St. Louis

TABLE 8.
BUSINESS TAXES, RATES AND TOTAL INCOME, 1909.

	Alton	Belleville	E. St. Louis	Evanston	Joliet	Peoria	Rock Island	Springfield
Awning man'f'g.....				\$ 25	\$ 25			
Bakeries	\$ 10	\$ 25				\$ 5 ¹		\$ 25
Brokers, general			200					
Brokers, real estate..	25	25						25
Coal dealers			25					10
Fire works, retail....								3
Fire works, wholesale								15
Groceries	10	25						
Hay and grain.....			25					
Ice dealers			25	\$5 ²	10 ²	10 ²⁻⁵		10
Hotels								15
Livery stables	\$ 25	25	50	2.50 ³				25
Lumber yards	\$ 25		50	25				50
Meats, retail	100	10	50 ⁴				5	25
Meats, wholesale								100
Restaurants	10		15	2				15
Storegoods		10	25					
Undertakers					10			10
Total income	\$2520	\$2368	\$14611	No Data	\$ 185	\$ 176	\$ 135	\$3757

¹Per person.

²Per wagon.

³Per rig.

⁴Now \$25.

⁵Not enforced.

butcher shops paid \$5100; grocery stores, \$4408; "vendors of store goods", \$1387; coal and ice dealers, \$895; real estate brokers, \$719; and hay and grain dealers, \$268. The remaining business licenses in the city produce less than \$250 each. Meat dealers are the most important contributors to the business tax fund in Springfield, retail dealers paying \$1417, and wholesale dealers \$908. Lumber yards are next in rank, contributing \$305; restaurants pay \$250; lunch rooms, \$248; and real estate brokers, \$168. The remaining businesses pay less than \$100 each.

The other cities enumerated in Table 8 cannot be said to practice business licensing for revenue purposes. In Evanston only lumber yards are taxed sufficiently to produce a reasonable revenue, the other business taxes appearing to be of a regulatory nature. The license of awning manufacturers in Joliet and Peoria is unimportant, and the tax on ice wagons is apparently regulatory.

In this connection attention may be called to the \$2 tax on restaurants in Evanston; and a similar license proposed in Urbana. Both of these cities forbid the licensing of saloons and consequently have found it necessary to extend police supervision to restaurants to prevent the illicit sale of liquor.

The four cities which have extensively adopted business taxation find it a profitable source of revenue. Its general introduction, however, would probably meet with such opposition as to make wide adoption impossible.

Vehicle Licenses.

A recent amendment to the general incorporation act for cities provides that municipalities may "direct, license and control all wagons and other vehicles conveying loads within the city, or any particular class of such wagons and other vehicles, and prescribe the width of tires of the same, the license fee when collected to be kept in a separate fund and used only for paying the costs and expense of street and alley repair".²⁴

²⁴Rev. Stat. (1908), ch. 24, par. 62, item 96.

Eight out of the twenty-four cities under discussion have placed upon vehicle owners part of the cost of repairing streets which are built entirely by the property owners. Ordinances establishing vehicle licenses meet with considerable opposition and have been considered unfavorably in at least three cities, Decatur, Rockford and Springfield.

TABLE 9.

VEHICLE LICENSES, RATES AND TOTAL INCOME, 1909.

	One horse	Two horses	Three horses	Four horses	More than four horses	Automobiles, small	Automobiles, double	Auto-trucks	Motor-cycles	Income
Alton	\$2	\$ 2-5	\$5	\$ 5	\$ 5	\$10	\$ 10	\$ 10	\$ 10	\$ 516
Aurora										1
Belleville ..	5	5	5	5	5	5	5	5	5	483
Decatur						5	5	5	5	
E. St. Louis ⁶	7.50	10	12.50	15						7169
Evanston ..	3	5	10	15	20	12 ¹	20	30	3	8065
Jacks'nville	2-3 ²	4-10	10	10	10	10	10	10		2368
Moline ⁵	1	2 ³	3	4		5	10	15	2	800 ⁵
Quincy	1	2				7.50	10-15 ⁴	2	2	3401

¹Driver also licensed.

²Based upon number of horses and weight of wagon.

³Delivery wagons, \$7.50.

⁴Six or more passengers.

⁵1911.

⁶Furniture, baggage, and express wagons, \$25.

The ordinances which have been passed indicate no uniformity as to what is regarded as a reasonable tax on vehicles. The minimum is in Moline where the charges are \$1 per horse, with a uniform charge of \$7.50 for delivery wagons. In East St. Louis the minimum charge is \$7.50 for one horse vehicles with an increase of \$2.50 for each additional horse. In Jacksonville the tax is based upon a combination of the number of horses and weight of the vehicle. The intention was to charge light delivery wagons \$4, and the maximum weight of vehicles at \$3 a year was placed at

750 pounds. The result was to place most delivery wagons in the three dollar class. Perhaps such a scheme of graduating the tax by the weight of the vehicle is commendable if proportionate depreciation on pavements is to be considered, but it lacks much in simplicity of collection.

It has been impossible to separate the revenue returns from the licensing of automobiles from that of other vehicles, tho doubtless the former contribute the larger share. It is conceded that automobiles cause a considerable destruction of streets and they have been taxed accordingly. The minimum charge is \$5 per car, and the tendency is to increase the rate to ten dollars for other than runabouts, and one city adds the class of six-passenger cars. The result of the high charges in Evanston is seen in the large amount of revenue derived from the vehicle tax. Perhaps \$20 per car would be considered large in the average city, but it should be remembered that the ownership of an automobile is, or should be, indicative of an ability to bear taxation. In addition to the charge on machines, Evanston examines and licenses automobile drivers, the examination being made by the commissioner of public works. The initial charge is \$3, the license being renewable annually for \$1.

The motorcycle license has been adopted by four cities and is more of a police than a revenue measure, justified by the large increase in the number of machines and the public danger arising from their use.

FOREIGN FIRE INSURANCE TAX.

Fire insurance companies which are not incorporated under the laws of the state of Illinois are required to pay into the treasuries of the municipalities in which they operate, not to exceed two percent of the gross receipts from insurance in force within the city limits. The disposal of this fund has already been mentioned, and comment concerning it will be confined to the manner of collection.

Table 10 is a statement of the income of each city from this source. In this instance, where one would anticipate almost uniformity in the per capita collections, there is a large variation in the income, the lowest being \$.017 per person in East St. Louis, and the highest \$.11 or six times that amount, in Peoria.

TABLE 10.

TOTAL AND PER CAPITA INCOME FROM THE FOREIGN FIRE INSURANCE TAX, 1909.

City	Total	Per Cap.	City	Total	Per Cap.
	Amt.			Amt.	
Alton	\$1488	.085	Jacksonville ...	\$1348	\$.088
Aurora	1636	.055	Joliet	1984	.057
Belleville	662	.025	LaSalle	739	.064
Bloomington ..	1093	.041	Moline	1415	.58
Champaign	1124	.09	Ottawa	912	.095
Danville	1672	.06	Peoria	7369	.11
Decatur	3102	.10	Quincy ¹		
E. St. Louis ...	1200	.017	Rockford	2248	.049
Elgin	1121	.043	Rock Island ...	1838	.074
Evanston	1472	.059	Springfield	1729	.034
Freeport	1061	.06	Streator	1159	.081
Galesburg	1579	.069	Urbana	327	.04

¹Annual reports for 1907 and 1909 make no mention of this tax. May be included in "general licenses".

In some instances, as in East St. Louis, city officials frankly admitted that the collection of the tax had not been pressed. By special action of the city council in Ottawa in 1909 suit was commenced in the justice court against fifty-six delinquent companies, resulting in a payment of \$863. Rockford, to facilitate the collection of this tax, requires that each insurance broker take out an annual license, the charge being \$1. At the time of issuing this license, an affidavit may be required of the foreign insurance business which the firm has written during the past year.

From the figures it appears that the normal collection in each city should fall between four and eight cents per person, and nearer the latter figure than the former. Yet

five cities fall below the minimum figure suggested and seventeen below the maximum. The insurance tax will furnish one of the largest incidental revenues to which the cities have access, if means are found to compel its payment.

POLICE FINES.

The police and local courts are not important for their contribution to city revenues since the maximum in any city amounts to only 4.12% of the whole, while the average is about 1%. (See Table 31). In Freeport the contribution of the police department is 4.72% of the whole city income, while in Moline it falls to .236%. It is rather for its wide variation of return that this branch of the municipal revenue deserves attention. The public safety is the one department of city activity where administration is fashioned after that of a quarter of a century ago and is still beset with fees, charges, perquisites, and not infrequently ignorance.

A prisoner from the moment of his arrest is in the grasp of a system of charges,—a fee for the officer who makes the detention, a fee for the prosecuting attorney, costs for the judge and jury, and a fine for the city. And the more important of these charges are dependent upon the option of those whose function it is to assess them. In one municipality a city warrant cannot be secured after nine o'clock in the morning, if the case is one in which either a state or city warrant may be issued. A city warrant would give the fine to the city; a state warrant gives nothing to the city and permits a larger fee to the magistrate. If there have been a series of state cases where no cash fines have accrued, these will be made up by means of a heavy fine assessed against the next offender who can pay.²⁵ The minimum charge assessed in a city case would

²⁵State cases may suffer by the State's attorney receiving fines in the cases he prosecutes. For example the statutes provide that game wardens shall receive one-half of the fines in cases apprehended by them. One State's attorney refused to sanction such a loss to his income with the result that game law enforcement was at a stand still.

be a \$1.00 fine, plus \$1.80 costs. In a state case this would be \$3.05 plus in many cases a minimum attorney's fee of \$5.00. In simpler words, in one city of the state the penalty of a crime may be magnified four times if the arrest is made after nine o'clock in the morning. Under such a system the possibilities of connivance between the magistrate and the prosecuting attorney is apparent.

In Quincy, state cases amount to only 7.5% of those tried; in Rockford they are 20%; Bloomington 27%; Rock Island 37.5% and Moline 45%. It is impossible to believe that serious crime is six times more prevalent in this latter city than in Quincy. In one municipality the chief of police in his attempt to obtain equity for the city by having as many prisoners as possible fined in the municipal court, brought upon himself the wrath of the politicians in such a measure that he gave up the task. To quote his own words, "I had to come off second best". There are at least several solutions for this problem, the most practical being to place the prosecuting attorney upon a salary basis.²⁶ Tho the fines under this system are still lost to the city, the surplus over the salary will be turned in to the county school fund. In Rock Island, in 1908, over \$2,000 was secured for education in this fashion. Another remedy involves the more difficult task of taking the police out of politics.

Justices of the peace have long been notorious as dispensers of justice of a sort which in Chicago brought upon them the approbrium of "justice shops". These officers in that city have now been abolished in favor of the municipal court. The evils of political justices need no recital, yet one city, East St. Louis, with over ten thousand arrests per year, retains the system. Each morning the culprits of the last twenty-four hours are religiously divided among the city magistrate and a half a dozen justices of the peace. In other cities the city cases tried before the justices of the peace are almost none,—15 of 1019 in Quincy, 1 of 1507 in Rockford.

²⁶Rev. Stat. Ch. 53, par. 8a.

A reference to Table 31 in the chapter on Conclusions will show the proportion of each city's revenues which is contributed by the police department. This, however, is scarcely a just method of comparison, since the importance of smaller sums is lost in the larger ones arising from other sources. Also, both the opportunities for, and the policy of, arresting is different in each locality. In "dry" communities persons intoxicated are usually apprehended on sight, while in others, not until they become decidedly offensive.

That the number of saloons directly influences the number of arrests, and hence the police income, is shown both by the size of the police forces and the population per arrest in the different cities. In the five no-license cities the average number of persons per police officer is 1566; for the remaining cities there is an average population of 1168 for each officer. Table 13 also indicates that there is some correlation between the population per saloon and the population per police officer. This relation holds true in all but a few instances.

While the presence or absence of saloons affects decidedly the number of men required to maintain order, and may increase the number of arrests in an individual city, on the whole the influence of the liquor traffic is not as marked as might be expected, for the reasons already stated. In cities having one annual arrest to twenty or more inhabitants, there is a saloon for an average of 413 persons; while in cities making one arrest for less than twenty inhabitants, there is a saloon for each 350 persons. While the former group contains five no-license cities, it also includes LaSalle, which has the largest pro rata of saloons of any city studied. Frequency of arrest is hardly a mark of good order in a city, or a criterion of an efficient police force. A large income from police sources may indicate that undesirable and unlawful businesses are allowed to play their trades thru the payment of fines as tribute.

Perhaps a more satisfactory method of judging police revenue would be a comparison of the income per arrest

in the several cities. This sum ranges from nothing in Joliet and twelve cents in East St. Louis, to \$5.51 in Freeport. The method of collection in East St. Louis has been commented upon, and furnishes some explanation for so small a return. On the other hand, Alton, Aurora and Jacksonville must be excluded for purposes of actual comparison since their magistrates are recompensed by salaries rather than by fees.

Aside from the factors of number of arrests, and payment of police judges, there remain two others which influence municipal incomes from police departments,—the disposition of the cases presented to the magistrates and of the fees and fines assessed. Owing to the meagerness of city reports and the lack of accessible records in the police departments there is a limited amount of information upon both of these subjects. It has been impossible to obtain even the number of arrests in LaSalle and Springfield, and in this latter city the desk sergeant professed complete ignorance of the number of merchant's police, with whom his department presumably co-operates.

The disposal of persons arrested as reported in five cities may be sufficient to show the general tendency and is as follows:

TABLE II.
DISPOSAL OF ARRESTS IN FIVE ILLINOIS CITIES, 1909.

	Evanston.	Ottawa.	Peoria.	Quincy.	Rockford.
Total No. arrests.....	734	425	4383	1019	1507
Fines paid in court.....	410	64	1218	399	338
Cases continued	8	9	1218	9	135
Held to other courts or grand jury	28	11	277	92	106
Settled out of court.....	22		40	3	155
Discharged on payment of costs	79			25	
Served in jail	22	66	531	173	266
Discharged	158	273	2103	145	542
Otherwise disposed of.....	7	2	109	173	5

Expressed in relation to the total number of arrests this table becomes:

TABLE 12.

DISPOSAL OF ARRESTS IN ILLINOIS CITIES, BY PERCENTAGES.

	Evanston.	Ottawa.	Peoria.	Quincy.	Rockford.
City Income per arrest.....	\$4.84	\$1.40	\$1.36	\$4.03	\$.82
Total no. of arrests.....	100%	100%	100%	100%	100%
Fines paid in court.....	55.	15.	27.8	39.2	22.2
Cases continued .....	.09	2.1	.018	.884	8.95
Held to other courts or grand jury	3.87	2.6	6.34	9.1	6.7
Settled out of court.....	3.8	...	.92	.294	10.25
Discharged on payment of costs	10.8	...	...	2.45	...
Served in jail.....	3.8	15.5	12.1	17.	17.2
Discharged	21.	64.4	48.	14.2	35.8
Otherwise disposed of.....	.955	.02	2.5	17.	.035

In Evanston and Quincy the income per arrest is affected in one instance by the presence of a salaried judge and in the other by heavy automobile speeding fines; but from the remaining cases it appears that there is no causal relation between the disposal of cases and income. Ottawa, which fines only 15% of those arrested receives a per arrest income of \$1.40, while Peoria with almost double the percentage of fines receives a few cents less.

The most striking feature of the table is the small percentage of the cases which yield a return to the municipalities. On an average less than one-third of the arrests are fined in court, while considerably more than this are discharged, dismissed, have fines suspended, or are disposed of in a fashion which would indicate that the charges are not serious or are unsubstantiated. Yet another third remains within the grasp of the law, but the prosecution does not bring an income to the city.

Concerning the relation of costs to fines imposed, only five cities report other than the final amount turned into the city treasury. No two of these municipalities report in a fashion sufficiently similar that their reports may be tabulated.

In Aurora the total amount of fines and costs assessed was \$3,732.70 for the year 1909. Of this sum, \$288 or 6%

was paid out as witness fees; \$1251 or 33% was accounted for by labor, confinement, suspension of fines, etc., leaving \$2273.30 or 61% to be paid to the city attorney. Reports of both clerk and treasurer, however, show that only \$1976.45 was received by the city during the year, or 53% of the amount assessed. Against this the city appropriated \$1124.50 to the police magistrate and \$1250 as salary to the judge of the city court, which sums are about \$400 in excess of the income from police sources.

The amount of fines assessed in Bloomington, for the year 1909 was \$7214.20, of which \$3538.50 or 49% was fines, \$2766.70 or 38% was magistrates' costs, and \$913 or 13% was police costs. Of the total amount assessed, \$2805.83 or 39% was not collected or was offset by confinement; \$2762.70 or 38% went to the magistrate as fees, leaving \$1645.67 or 23% to the city treasury.

The Rockford report is for a period of six months only, and shows \$3907.30 assessed, of which \$2859.50 or 73% was as fines and \$1047.80 or 27% was as costs. This may be compared with 49% and 51% for these respective items in Bloomington. Of the total amount assessed in Rockford, \$2713.85 or 69.5% went uncollected; \$410.40 or 10.5% was collected as costs, while the share of the city was \$783.05 or 20%.

The total amount of fines and costs in Peoria for the year 1909 was \$19,545.40, of which \$10,933 or 57% was accounted for by imprisonment, appeals, outstanding or suspended fines. The magistrate collected \$8612.40 of which he turned \$5052.10 or 26% of the total amount imposed into the city treasury. In Streator \$2,580.94 was imposed as fines, of which \$1258.46 or 48% was served, worked out, or dismissed; while \$1280.94, or 52% was collected.

It is of interest to note, that with the exception of the last named city and Aurora, the share of the municipalities in the amount imposed did not have a variation of more than 6% of the total, being 20% in Rockford, 23% in Bloomington and 26% in Peoria. Yet the sum which

was uncollected was extremely variable, 33% in Aurora, 39% in Bloomington, 48% in Streator, 57% in Peoria, and 70% in Rockford.

Thus to the causes already given for the smallness of city returns from fines, may be added those of laxity in fining and in the collection of fines by magistrates; in some cases the rather large stipends which go to the magistrates in the form of fees; and finally the large amount of arrests which fail to come within the jurisdiction of the city courts. While the police are for protection and not for revenue, at the same time cities are entitled to intelligent annual reports from chiefs of police and magistrates which will show the disposal of cases, and the amount of fines and costs, assessed and collected.

TABLE 13.
STATISTICS ON STRENGTH OF POLICE FORCE, NUMBER OF ARRESTS, ETC., 1909.

	Amount to Treasury	Number of Arrests	Number on Police Force	City Income per Arrest	No. of Arrests per Officer	Population per Arrest	Population per Officer	% of Force re- quired by law
Alton	\$ 1657	350	17	\$4.73	20	50	1030	100
Aurora	1976	849	22	2.32	38	34	1355	76
Belleville	560	438	15	1.05	29	59	1405	71
Bloomington	1,702	1351	36	1.26	37	19	715	144
Champaign	no data	no data	8				1550	66*
Danville	7,041	3655	45	1.92	81	7	6,19	166
Decatur	5,391	2601	27	2.07	96	12	1160	87
E. St. Louis	1,219	10,000	75	.12	133	7	780	128
Elgin	683	642	19	1.06	33	40	1365	73
Evanston	3,293 ¹	734	29	4.48	25	25	860	116*
Freeport	4,433	804	12	5.51	67	22	1465	70
Galesburg	3,102	837	12	3.70	69	27	1840	55*
Jacksonville	1,836	431	8	4.26	54	35	1910	53*
Joliet	None ²	1836	39	None	47	19	895	115
LaSalle	432 ⁴	300 ⁵	9	1.40 ⁶	30 ⁶	33 ⁶	1280	122
Moline	416	922	19	.45 ⁷	48	26	1273	79
Ottawa	495	425	5	1.40	85	26	1907	45
Peoria	5,983	4383	95	1.36	46	15	703	144
Quincy	4,106 ³	1019	34	4.02	30	35	1073	94
Rockford	1,249	1515	36	.82	42	29	1260	80
Rock Island	3,364	1059	20	3.18	52	24	1216	77
Springfield	5,890	4	56				920	110
Streator	941	296	13	3.18	22	53	1100	93
Urbana	328	163	4	2.01	40	50	2061	50*

¹\$1832 of this is auto fines. Average return from these \$22.58.

²So stated by the Clerk in answer to direct question. No such item in report of clerk or treasurer. No explanation offered.

³Salary to Judge.

⁴See Text, p. 50.

⁵Estimated from trial cases.

⁶Estimated.

⁷Salary limited to \$600.

⁸No license.

CHAPTER III

GIFTS, GRANTS AND SUBVENTIONS.

SCHOOL REVENUES.

The most important item of revenue within the group of gifts, grants and subventions is the state grants to schools. For purposes of convenience the data in relation to school revenues will be considered together. Table 14 is an exhibit of the sums received by the school district or districts in which the cities named are located. The cities and the school districts are seldom exactly coextensive; but the consequent lack of correspondence in the statistics is neither large nor important.

State Grants.

Each county is paid its proportionate share of the state school tax, upon the basis of inhabitants under twenty-one years of age. To this is added a share of the income from the sale of public lands within the state, plus a portion of the interest on the surplus of national revenue distributed to the states in 1837. Warrants for the share of each county in this fund are issued to the county superintendents of schools who present them to the county treasurers for payment. These warrants are turned over to the state and apply as cash on the county share of the state school taxes. The county superintendents distribute the funds to the superintendents of the school districts.

It is quite possible that the amounts returned to the cities are not as large as the sums collected in state taxes for these purposes; but the exact situation could only be shown by a detailed comparison of city and country wealth and population.

TABLE 14.
REVENUES OF SPECIFIED CITY SCHOOL DISTRICTS.¹

	State Grant	Tuition	Taxes ²	Endowment Income	Other Income	Total Income	Amount of Endowment
Alton	\$ 3391	\$ 1837	\$ 82,275	\$ 200		\$ 87,503	\$ 4000
Aurora	4870	1622	113,198			119,690	
Belleville	2277	396	78,740		53	81,467	
Bloomington	4406	1037	123,319		1810	130,572	
Champaign	923	11	69,346	320		70,600	6400
E. St. Louis	6942	763	255,029		506	263,241	
Elgin	2872	497	147,852		42	151,263	
Freeport	1592	979	86,318		1307	90,133	
Galesburg	3135	2010	77,000	200		82,345	no data
Jacksonville	2403	1361	82,000			85,764	
Joliet	7319	223	197,090			204,132	
Moline	2885	584	135,000		202	138,670	
Ottawa	1796	44	40,403		95	42,339	
Peoria	10,919	608	379,381	6939	2752	400,600	no data
Rockford	6118	3243	182,908		541	192,811	
Rock Island	3402	973	114,803		1329	129,106	
Springfield	7562	1739	275,000		56	284,357	
Urbana	1700	890	54,000			56,590	

¹No data for Danville, Decatur, Evanston, LaSalle, Quincy, and Streator.

²Amount extended.

Endowment Income.

Income from endowments are found in only four of the cities considered, and is an inconsiderable sum in all but one of these. Peoria has such an income of nearly \$7000. The source of these endowments are funds distributed by the state to the local districts. Only in exceptional instances are these monies preserved intact, the income to be paid annually to the district entitled to it.

Tuition.

Tuition is in its nature a commercial revenue but is mentioned here since it is desirable to consider school reve-

nues as an entity. The sums received from this source range from almost nothing to over \$3000 per year, in Rockford. Several school districts receive more than \$1000 a year. The returns are naturally influenced by the presence or absence of a township high school, altho the tuition received from the grammar schools is not unimportant.

Miscellaneous Income.

The miscellaneous fund of the school districts needs no comment since it consists of practically the same revenues as does the similar fund in municipal budgets,—rebated insurance premiums, receipts in error, etc. In addition, the school districts receive the fines imposed in the county for violations of other than city ordinances.

GIFTS BY INDIVIDUALS.

Nearly every city receives occasional donations of money or property of considerable value, usually for some designated purpose. The gifts for libraries and the revenue from library endowments are noted in chapter V. During the fiscal year 1909 several municipalities received gifts for other purposes, or the revenues from gifts of an earlier date. To Evanston was donated property for park purposes valued at \$20,000, and a play ground valued at \$12,000. Prior to this the city had received a park and museum valued at \$40,000. Jacksonville was given \$100 as a special memorial fund; while Aurora received the income on \$6500, to be used towards the establishment of an orphanage.

CHAPTER IV

REVENUES FOR SERVICES RENDERED.

DEPARTMENTAL RECEIPTS.

Table 15 is an exhibit of the collections of the several cities in 1909 from miscellaneous sources. The first columns state the receipts from fees and inspections, tho the returns lack absolute accuracy owing to frequent con-

TABLE 15.

RECEIPTS FROM FEES, INSPECTIONS, DEPARTMENT RECEIPTS, CHARGES AND OTHER MISCELLANEOUS SOURCES, 1909.

	Fees	Inspections	Totals	Charges	Sale of Public Property	Miscellaneous
Alton	none	none	none	none	none	232
Aurora	none	none	none	4329	none	398
Belleville	1037	none	1037	413	none	none
Bloomington	1022	1390	2412	2256	476	3169
Champaign	117	104	221	none	none	none
Danville	363	none	363	none	none	46
Decatur	166	1797	1963	853	238	none
E. St. Louis	2087	1406	3493	266	none	none
Elgin	50	128	178	90	441	87
Evanston	2370	1205	3575	7583	incl'd	2377
Freeport	none	none	none	1223	3817	383
Galesburg.....	none	110	110	13	400	602
Jacksonville	45	none	45	115	none	2115
Joliet	186	1075	1261	338	1307	none
La Salle	none	none	none	254	28	none
Moline	none	788	788	none	none	none
Ottawa	none	343	343	none	none	1324
Peoria	2725	1285	4010	3135	174	650
Quincy	none	none	none	108	1371	62
Rockford	none	1510	1510	389	207	15,172 ²
Rock Island	340	1074	1414	none	none	571
Streator	none	none	none	none	114	774
Springfield	1544 ¹	478	2022	388	72	no data
Urbana	none	none	none	none	none	none

¹Partially included in licenses.

²Services other than for water rendered by water work dept.

fusion with departmental receipts, or inclusion in the miscellaneous fund. The table will, however, indicate the relatively large amounts which may be secured by a systematic collection of fees,—impositions which incur small complaint, yet materially assist in the adequate enforcement of building ordinances, water charges, etc.

Bloomington, East St. Louis, Evanston, Peoria and Springfield derive an income from fees which very nearly equals in amount that secured from general licenses. On the other hand seven cities fail to avail themselves of this means of income.¹

Of the cities using fees extensively, Evanston may be cited as presenting the most effective system.²

¹Some revenue from this source may be included in "miscellaneous returns" but if so it is of small amount.

Sewer permits	\$5.00
Reconstruction and alterations.....	.50
Sidewalk permits	
Water permits	
One-half inch taps.....	5.00
Five-eighths inch tap.....	6.00
Three-fourths inch tap.....	8.00
One inch taps	10.00
Alterations	\$1.00 to 4.00
Street permits	
Electrical construction permits.....	
New wiring	
Electric signs	
Line construction	
Building permits	
Brick residences	
Frame residences	
Alterations	
Commercial buildings	
Depots	
Sheds and barns.....	
Miscellaneous	
House movers permits.....	
One and one-half story frame.....	10.00
Two story frame.....	20.00
Moving in same block.....	2.00
Electrical inspections	

There is a tendency to make the stipend of certain offices the amount of fees collected. In such cases, the total amounts collected are seldom included in the financial statements of the cities; and these are to that extent incomplete.

Usually in compliance with an ordinance, the holders of fee offices render an annual report to the city clerk, stating the amount of the collections, and surplus over the amount retained as remuneration. Rarely, however, do these reports comply with the constitutional requirement that they be made semi-annually, and state the amounts received.³ Table 16 is a partial list of the fee offices in some of the larger cities, indicating the extent to which fees are employed in the payment of officers, and the manner in which reports are made.

TABLE 16.

FEE OFFICES AND METHOD OF REPORTING.

City.	Office	Income.	Payments.	Salary.
Aurora.....	Boiler Inspector	No report for these officers in the annual report. Statement of inspections but not of cash received.		
	Plumbing Inspector			
	Oil Inspector			
Bloomington....	Oil Inspector	No report for these officers in the annual report of the city.		
	Weigher			
Ottawa.....	Poundmaster	No report of cash taken in.		
	Plumbing Board			
Peoria.....	City Collector	No report published.		
	Oil Inspector			
Quincy.....	Boiler Inspector	\$1039	\$103	\$935
	Weights and Measures	No report published.		
	Inspector			
Joliet.....	Exam. Electrician	\$ 501	\$410	\$ 90
	Exam. Elevator	\$ 117	\$ 51	\$ 66
Rockford.....	Operators			
	Weights and Measures	No report.		
Rockford.....	Inspector			
	City Collector	Extensive report published but no report of income.		
Rockford.....	Oil Inspector			
	Plumbing Board	\$481	\$ 39	\$449

³Const. of 1870. Art. 10, par. 13.

Income from departmental charges and the sale of public property is offset by the cost of the services rendered or by the value of the property disposed of, and does not directly increase the spending power of the city. Among the most important charges made are those for openings in pavements, sale of crushed stone, meters, etc., altering water and sewer pipes, caring for prisoners of other districts; and the sale of junk and obsolete machinery.

Miscellaneous receipts include in some instances fees, charges, and income from the sale of property, or portions of these funds. The major proportion of the receipts, however, consists of the odds and ends of city revenues, refunded insurance premiums, over-charges returned, corrected errors in the pay rolls, etc. None of these funds are open to increase except that which might arise from a more thoro reckoning of accounts receivable.

SERVICE PRIVILEGES.

Fourteen of the twenty-four cities here discussed receive remuneration in some measure for public service franchises granted. No municipality taxes all of the franchises in force within it; and in all, only twenty-six franchises out of over one hundred and fifty, or about seventeen percent, yield payments to the grantors. Of this number, five are street railway privileges on which the tax is only from \$5.00 to \$25.00 per car in continuous operation, amounting with one exception to only a few hundred dollars per year. East St. Louis, however, receives \$1600 from this source.

Nine of the franchise payments are based upon a percentage of income, the lowest being one percent of the net city telephone receipts in Quincy, and the highest, five percent of the gross interurban receipts in Belleville. The predominant figure, which prevails in seven cases, is two percent of the gross receipts. In two of these instances it will become four percent after ten years of operation. Similarly, two of the telephone franchises pay on a revenue

basis, that is, one dollar per telephone, which amounts roughly to five per cent of the gross income.

Some of the utility companies pay a fixed sum ranging from \$500 to \$2000 per year. Such payments do not allow for the growth in value of the franchise and probably are not as large as would be realized by a percentage tax. For example, Bloomington (26,000 pop.) receives by a two percent tax upon the gross receipts of the street railway, \$3400; Joliet (35,000 pop.) receives a cash payment of only \$1000. Peoria (67,000 pop.), the largest city of the group, receives a fixed amount of \$500 a year from the telephone company, a sum which is exceeded in all other cases except in one city,—Alton.

Three municipalities, Aurora, Joliet, and Rockford, have recognized the importance of franchises as a source of revenue by each assessing three or more utilities, with a resulting income of over \$3000 to each city. Springfield receives a similar sum as two percent of the street railway receipts. The remaining cities have provided for franchise payments in a desultory fashion. Having no knowledge of what constitutes a reasonable rate and guided by a desire to increase property values and build up the city, the greater part of the franchises have been given away for long terms and almost without payment.

A marked exception to the above statement is Aurora, which in addition to the annual charges noted in table 17 made the following initial charges for franchises granted: street railway \$30,000 plus \$3641 as damages and attorney's fees; gas and electric, \$25,000 to a fund for the erection of a new bridge; and interurban, \$25,000. That public service corporations can afford to pay as large sums as these in addition to a proportion of their annual receipts, for the privilege of operation, is evidence of the reasonableness of any franchise payments noted in the following table:

Under an effective system of legislative regulation, by which the price of a public utility commodity would be such as to pay only the cost of production and a reasonable

TABLE 17.
RATES, AND INCOME FROM FRANCHISES, 1909.

	Utility	Basis of Payment	Income	Total Income
Alton	Telephone ...	1% net city receipts.....	\$ 221	\$ 221
Aurora	Gas	\$1000 per year	1000	
	St. Railway ..	\$1000 per year	1000	
	Telephone ...	\$1 per phone.....	1537	
	Interurban ...	\$500 per year	500	4037
Belleville	St. Railway ..	\$5 per car.....	55	
	Interurban ...	5% gross receipts	1103	1158
Bloomington ..	St. Railway ..	2% gross receipts for 10 years, minimum amount to be next ten years at 4%..	3400	3400
Decatur	St Railway ...	\$10 per car.....	150	150
E. St. Louis ..	St Railway ...	\$25 per car.....	1600	1600
Elgin	Telephone ...	\$1 per phone.....	612	
	St. Railway ...	\$10 per car.....	no data	.....
Joliet	Telephone ...	\$1 per phone	1317	
	Gas	\$1000 per year	1000	
	St. Railway ...	\$1000 per year	1000	3317
Ottawa	St. Railway ...	\$2000 per year	2000	2000
Peoria	Telephone ...	\$500 per year	500	500
	Interurban ...	Five cents per car entering terminal ¹		
Quincy	Telephone ...	2% gross receipts.....	963	
	St. Railway ...	\$20 per car	320	1283
Rockford	Electric Co...	2% gross receipts ¹	(900)	
	Telephone ...	2% gross receipts	760	
	Interurban ...	\$2000 per year	2000	
	Heat	2% gross receipts	560	3320

¹Not enforced in 1909.

TABLE 17.—Continued.
RATES, AND INCOME FROM FRANCHISES.

	Utility	Basis of Payment	Income	Total Income
Streator	Electric	2% gross	372	372
Springfield	St. Railway ..	\$10 per car..... 2% gross receipts for ten years; 4% for second ten years; for sewers and bonded indebtedness	300 3319	3619

return upon the actual capital invested, any payment for the privilege of operation would only increase prices to the consumer. Under the present system in Illinois, except for a very limited and unscientific control by city councils, the price of a utility commodity is "all that traffic will bear": that is, where the units consumed multiplied by the margin of profit will give the greatest return; and if the price is lowered it is because an increased consumption will more than offset the lower price. Under such methods of price fixing, any payment required for the franchise will be upon the profits of the company and cannot cause an increase in cost to the consumer.

In addition to the payments mentioned, some public service corporations are required to furnish limited free service to the cities in which they operate. Electric light companies usually give free light to the city hall, and occasionally to the fire stations. Telephone companies furnish from six to eighteen free instruments and charge for any number over that stipulated in the franchise. In addition to paving within their tracks and sprinkling the right of way, street car companies usually extend free transportation to numerous city officials. It is difficult to estimate the value of such services, but they exist in every municipality, and are perhaps worth from \$100 to \$500 per year, but have a much greater apparent value.

Table 18 is a statement of the dates of grant and expiration of the larger proportion of the franchises in force in the cities under consideration, and from it may be estimated the possibilities of franchise revenue being secured. Cities renewing franchises are likely to give more attention to this than when making the original grants. The inclination to encourage new enterprises by liberal

TABLE 18.

DATES OF GRANT AND EXPIRATION OF FRANCHISES.

	Gas		Water		Electric		St. Railway	
	Grant	Expires	Grant	Expires	Grant	Expires	Grant	Expires
Alton	1913	1907 | 1957	1907	1957	1913			
Aurora	1908	1958	Municipal	1908	1958		1909	1929
Belleville	1868	Perp.	1907 | 1932	1889	Perp.		1893	1919
Bloomington ..	1889	Perp.	Municipal	1909	1929		1909	1929
Champaign ...	1868	Perp.	1909 | 1939		Without			
Danville	1870	Perp.	1907 | 1932	1884			1898	1928
Decatur	1896	1995	Municipal	1893	1913		1901	1921
E. St. Louis....	1868	Perp.	1885 | 1915				1894	1914
Elgin	1868	1909	Municipal	1895	1920		1893	1913
Evanston			Municipal					
Freeport	1898	1928	1882 | 1912	1907	1937		1907	1937
Galesburg	1910	1930 ¹	Municipal	1890	1910		1890	1910
Jacksonville ...	1868	Perp.	Municipal				1868	Perp.
Joliet	1908	1958	Municipal	1897	1947		1898	1948
La Salle	1902	1932	Municipal	1902	1932		1904	1954
Moline	1909	1929	Municipal	1910	1930		1910	1930
Ottawa	1910	1960 ²	Municipal	1910	1930		1910	1930
Peoria	1907	1947	1889 | 1919	1906	1926		1906	1926
Quincy			1904 | 1934					
Rockford	1868	Perp.	Municipal	1882	Perp(?)		1898	1923
Rock Island ...	1890	1910	Municipal	1882	Perp(?)		1899	1924
Springfield			Municipal				1907	1927
Streator	1910	1960	1886 | 1916	1889	1924		1889	1924
Urbana	1868	Perp.		1915	1908	1928		

¹Price regulated every 5 years.²Price regulated every ten years.³Cancelled franchises for 25 years (1902).

TABLE 18.—Continued.

DATES OF GRANT AND EXPIRATION OF FRANCHISES.

	Interurban		Bell Telephone		Ind. Telephone		Heat	
	Grant	Expires	Grant	Expires	Grant	Expires	Grant	Expires
Alton			Without					
Aurora	1909	1929		Perp.	1899	1919		
Belleville	1893	1918	1882	Perp.	1899	1924		
Bloomington ..	1905	1955	1892	1912	1896	1921	1900	1920 Without
Champaign								
Danville	1902	1922			1902	1932	1895	1945
Decatur			1892	1912	1893	1913	1903	1933
E. St. Louis....			1897	1917				
Elgin			1894	1924			1900	1925
Evanston								
Freeport	Without		1910	1930	1901	1921		
Galesburg	Without		1882	Perp.	1905		1903	Perp.
Jacksonville ...								
Joliet	1906	1956	1897	1947	1899	1924		
La Salle	1904	1954	1901	1921			1902	1932
Moline	1910	1930	Without		Without			
Ottawa	1906	1926	1893	Perp(?)				
Peoria			1898	1918	1902	1922	1907	1947
Quincy					1904	1929		
Rockford			1891	Perp.	1901	1921	1902	1927
Rock Island ..			1910	1933	1908	1933		
Springfield								
Streator	1907	1957			1900	1921	1910	1935
Urbana				Perp.	1903	1933	1908	1928

terms is instanced by the large number of interurban franchises which have been issued in the last few years,—the majority of which extend for fifty years and are not subject to any special franchise payment.

Of 178 public utilities operating in 24 cities, data was secured on the length of franchise in 111 cases. In addition, 14 plants were municipal; seven were operating without a franchise, either normally, or pending settlement with the city; and in five cases only, the date of expiration was

not ascertained. Of the 111 franchises, 19 are perpetual, one is for ninety-nine years; 15 are for fifty years; three, for forty years; two are for thirty-five years; 16 for thirty years; 19, for twenty-five years; one for twenty-three years; and 35 are for twenty years.

The statement that nineteen of a possible 111 franchises are perpetual must not go unqualified. In several instances the franchises do not state the date of termination and will probably sooner or later be brought into the courts for interpretation. In at least one instance a gas franchise granted in perpetuity by the state legislature, has been challenged by the city in which the plant is operating. The legal department of the municipality maintains that the state grant applied only to gas for lighting purposes, and that its transmission for heating is without legal authority. In consequence an ordinance was passed regulating the sale of all gas, giving the company the choice of acceptance or of ceasing to sell for the purpose of heating and for power. The decision of the case will have an important bearing upon the remaining legislative franchises.

It is in relation to gas franchises that the interests of the municipalities have suffered most. Of 24 cases, eight franchises are perpetual; one is for 99 years, four for fifty years, and two others are for forty years. Five franchises are for a reasonable term, and in four instances data is missing. The telephone industry is a close second in this way, for out of fifteen "trust" franchises, five are perpetual.

Also, in certain cities there is an inclination to grant franchises for long terms. In Joliet, five out of six utilities may operate for fifty years, for which permission is paid \$2000 annually, plus a percentage of receipts, which last year amounted to \$1317. Aurora has two fifty year franchises granted as recently as 1908. Several cities have fifty year franchises granted since 1904, one of them (in Ottawa) cancelling a franchise for a shorter term to give the longer one.

The cities which have not qualified their franchises with provisions for payments will have an opportunity to do so within the reasonably near future. Out of 96 franchises to expire, 24 will end before 1921; during the next decade 38 of the remainder will terminate; from 1930 to 1940, 15 will be terminated; from 1940 to 1950, six. The 13 remaining franchises in operation, extend beyond the middle of the century. This number, considered with the nineteen perpetual franchises, places fifteen percent beyond the reasonable control of the municipalities.

Items of revenue from minor public privileges,—bay-windows, sub-sidewalks, etc., are absent from the budgets of the smaller cities. The revenue from the use of city streets and alleys has been spoken of in the consideration of the income from the use of public property.

SPECIAL ASSESSMENTS.

Special assessments are not in the usual sense city revenues since they are raised for a specific purpose and are kept separate from the general fund in the city treasury. They do, however, form an important part of the aggregate financial transactions of the municipalities; and their extent and significance should be noted.

A thoro consideration of special assessments would require an extensive study both of amounts expended and purchases, as well as the amounts delinquent, methods of assessment, interest, cost of collection, etc., matters which can only be mentioned here.

Pursuant to the constitution⁴ the assembly has passed a series of acts permitting improvements by special assessment or special taxation to comprehend the following subjects: bridges, viaducts, water reservoirs and works, hydrants, water mains, drains, pumping stations, parks, boulevards, streets, alleys, and other public places. All or part of the cost is assessed upon the property benefitted in proportion to the benefit received, the residue of the cost

⁴Const. of 1870. Art. 9, par. 9.

being raised by uniform taxation.⁵ The further restrictions are that the purpose be public; that the apportionment be in accordance with some general rule; and that no assessment be levied for repairs, since they contain no element of permanency,—with the exception that repair assessments are permitted on drains, ditches, and levees.⁶

The determination of the basis for apportioning the cost of such improvements is left to the city, and the courts are reluctant to inquire into the equity of the decision. The more usual schemes of assessment are based upon superficial area, actual value of the property, and frontage, the preference being with the latter method. In street paving if the corner lots face the paved street the narrow way, no assessments is made upon the lots fronting upon the side streets; otherwise the first three lots on the side street usually are assessed sixty percent, forty percent, and twenty percent of what would be the normal cost of paving in front of them. These percentages vary slightly in different localities.

The proportion of the cost borne by the municipality differs widely in the construction of sewers and other works, the determination of the public benefit being left to the boards of local improvement. In the building of streets it is customary for the city to assume the cost of the intersections. The percentages of the total cost borne in several cities ranges from 11.3% to 20%, depending upon the nature of the improvements. The intersection rule regarding streets places about 14.3% of the cost upon the city corporation.

In the process of local assessment the most prominent part is played by the board of local improvement,—a board whose technical officers are always the superintendent of streets and the city engineer. The ordinances to improve by special assessment or taxation originate in this body, either by petition or upon their own initiative. Public

⁵Chicago v. Larned, 34 Ill. 203, 282.

⁶Crane v. West Chicago Park Commissioners, 153 Ill. 348.

hearings are held upon any contemplated action, except the laying of house drains, sewer service pipes and sidewalks, which hearings consider the necessity, character, and cost of the improvement. Except in cities of over 100,000 population remonstrance petitions may be filed within thirty days suspending action for one year. The ordinance of improvement with estimated cost is then passed. Apportionment of the cost is made and the assessment roll drawn up, the latter being open to court reviews and revision. Supplementary assessments may be levied if the original sum is insufficient, provided that if the increase is more than ten percent the entire process of assessment must be repeated.

The collection of assessments is in the hands of the city collector until March 10th. He has no power to enforce payment; and the collection of delinquent sums is assumed by the county treasurer. After preliminary notices, these delinquencies are collected in substantially the same manner as delinquent property taxes, already described.

Contrary to what might be anticipated with taxes of this nature, the amount returned to County Collector for collection is considerably less proportionately than is the case with property taxes. For example in LaSalle only 12.4% of the total was returned to the county collector; in Peoria, 19.6%; Bloomington, 28.8%; and in Evanston, 42.5%.

The difficulties met in correlating the assessment to the actual cost of the improvement is apparent, and in consequence in practically every instance rebates are paid or new assessments are levied. The matter of rebating is of easy solution since the actual cost of the construction is known before even a few installments are paid, and any rebate may be prorated on future installments.⁷ This naturally involves increased clerical cost. Deficits in the

⁷In Evanston the rebates on thirteen assessment funds were 3.5%; 2.8%; 6%; 11%; 11.5%; 10%; 25%; 30%; 14%; 14%; 24% and 20%. The largest percentages were upon sewer constructions.

fund are more serious and may be either the result of underestimates or of uncollected payments. In Freeport the liabilities are \$38,552 in excess of the special assessment assets, or 13.3% of the total. The Mayor of Peoria in an annual address to the city council⁸ remarked that the "amount of improvement bonds outstanding is many thousands of dollars in excess of special assessments remaining uncollected".

The extensive precautions taken to protect the rights of the property owner have been mentioned, and these safeguards add a considerable cost to the assessment work. In Urbana, newspaper advertisements costs \$75 for each job, in addition to the printed notices sent to each person concerned. By statute the preliminary expense is limited to six percent of the total, and this allowance is entirely consumed in the smaller constructions. In cases involving larger amounts these preliminary expenses fall to three or four percent. An example of the costs involved in extending assessments may be taken from the collection returns in Evanston. Of \$126,144 expended, bonds, coupons, warrants, and miscellaneous funds took \$122,446, or 97%. Rebates amounted to \$1,061, or .08%, while the expenses incidental to collection, etc., took \$2,618, or 2.2%.

The surest criteria of the extent to which special assessments are used would be the amounts of improved streets, sewers and other public constructions in each city. Unfortunately not all city engineers are familiar with the total amounts of these works in their municipalities so a complete comparison is impossible. Of eight cities, however, the largest proportion of paved streets was in Freeport, being 45.3% of the total; Springfield followed with 45%; and Rockford with 44%. The smallest percent is in Galesburg which has only 21.4% improved; the next lowest being Decatur with 28.7% improved.

Regarding sewer construction, Danville has one mile for every 490 inhabitants, Bloomington and Freeport fol-

⁸E. N. Woodruff, in the *City Comptroller's Report, 1909*.

lowing with 500 and 515 persons per mile. The largest population per mile is in East St. Louis, which city has 1310 persons for each mile of sewer. In the larger cities, however, there is a tendency to have fewer sewers in proportion to the population, as the per mile population in Springfield is 850, in Rockford is 835, and in Galesburg 720.

The contractor for special assessment work receives as payment bonds payable in five or ten annual installments (thirty in the case of water works), bearing interest at 5%. Such bonds are not a lien upon the city, but upon the property of the individual, altho the municipality undertakes and guarantees the collection. The amount of bonds outstanding in the cities, would, however, fail to indicate the extent to which assessments are used since the amount is decreased by one-tenth each year, and the constructions doubtless have a longer life than this period. This statements is supported by a comparison of the per capita special assessment bond indebtedness in a few cities. Aurora has such per capita indebtedness of \$5.35; Decatur of \$3.00; Elgin, \$6.40; Freeport, \$14.70; LaSalle, \$4.00; and Peoria, \$6.30,—a considerable variation compared with the paved streets to total streets, which range from 20% to 40%.

For the same reason the amount of cash collected each year to retire bonds, or the amount of bonds issued, is a false indication of the importance of assessments in municipal finance,—the latter sum even more so than the former, since the amount of construction work fluctuates widely from season to season.

CHAPTER V

MUNICIPAL INDUSTRIES AND PROPERTY.

Judged by the gross revenue received, municipal industries rank third in importance as sources of municipal income. But the gross income from such sources is largely if not wholly absorbed by the expenses, and in most of the cities under review municipal industries are conducted at a loss. The net income from such sources and its percentage of the total revenue for general purposes, as shown in the concluding chapter, is of small importance.

By municipal industries are meant those undertakings which involve the distribution of economic goods for a price, thus excluding such functions as police, fire protection, and schools, all of which are contemplated if not distinctly recognized in the present state constitution. There is no distinct constitutional provision authorizing municipal industries; and most undertakings are of later origin than the present state constitution, resting on legislative grants under the residual powers of government.

The municipal industries conducted by the cities studied are of three main classes: water works, electric light plants and cemeteries. Water works and cemeteries may produce a net revenue. Electric light plants in the cities studied have no income, as they are used only for public lighting. But they are considered here because of their close relation with the operation of municipal water works, of which they are usually a part.

Some incidental income is also derived from libraries, hospitals, sewers, real estate and other property.

WATER PLANTS.

Legislative enactments of 1873 and 1879¹ authorized the establishment of municipal sewers and water works, tho both of these might have been constructed under the

¹Hurd's *Revised Statutes* (1908), ch. 24, pars. 254 and 323.

police powers of the cities.² Earlier legislation relative to waterworks provided for the lease of plants, and for making contracts for a supply of water from private firms for a period of not more than thirty years. In case of leasing any surplus over the cost of operation might be applied to the erection and extension of a municipal plant. An act of 1905³ provides that plants may be bought or erected upon a favorable three-fourths vote of the citizens, a direct tax of not more than one percent defraying the cost. Bonds may be issued against these taxes bearing interest at six percent. The water rates must be sufficient to provide for payment of the bonds, interest, maintenance and operation of the works, extensions and repairs. Thus Illinois has gone far in the protection of the taxpayer from impositions in the interest of the water consumer. There are no good reasons for, and many against paying for extensions from the water rates. These should be charged to capital account, and made neither a burden upon the tax payer, nor upon the present consumer.

Should the preceding provisions prove inadequate to public need, there are other provisions which authorize a one mill tax for the extension of mains, maintenance of plant, or for refunding debt.⁴ By a two-thirds vote, this tax may be advanced to three mills. Cities when buying plants may also pledge the revenues as security for the bonds issued, and may execute a mortgage or trust deed for the property.⁵ In case of reversion to the original owner, any franchise rights pre-existing become operative.

Of the twenty-four cities which were investigated, fourteen have availed themselves of the privilege of establishing water plants; and data concerning the operation has been secured from thirteen of these.

In table 22 is shown the amount of money derived annually from water rents in the several cities; but such

²Goodnow, "City Government in the United States", p. 165.

³Rev. Stat. ch. 24, par. 270h-q.

⁴Ibid. ch. 24, par. 281.

⁵Ibid. ch. 24, par. 270d.

revenue should be offset by the operating expenses, interest on the value of the plant and depreciation allowances. When this has been done the revenue usually becomes a deficit, which sooner or later, must be made up from the general fund of the city, by the issue of bonds or by taxes. This deficit may be considered the amount which the municipality contributes in payment for the water pumped for public buildings, and as rental for fire hydrants. Such accounting contemplates the city water plant operated as a separate and distinct institution, earning its own way independently of the city treasury, charging the water consumer for his benefits, and the tax payer for the benefits rendered to the city at large.

It is sometimes assumed that the water consumer and the taxpayer are identical, and that the separation of the two for a study of water revenues is unnecessary. Such is not the case, nor can a practice followed uniformly by public utility commissions be renounced by such argument. There is ample evidence that not all urban inhabitants are direct water consumers. Not only are there sparsely settled sections which are not reached by the water mains, but limited sections of the more densely parts are not served. If we may estimate that five persons (the ordinary family) are served by each water service, then in Rockford, 35,000 out of a population of 42,000 are water consumers; in Bloomington, 10,000 of 26,000, etc. Roughly, twenty percent of the people receive benefit from water works, who do not contribute to their support by domestic consumption. But should it appear that the tax payer and the water consumer become largely the same persons, this fact does not justify an unbusiness like management of waterworks.

The Wisconsin Railroad Commission has a system for the separation of the cost of the public from the domestic service which is preferable to one based on the above mentioned distinction.⁶ Each water plant has an investment

⁶Wisconsin Railroad Commission. *Pub. U.*—52. (*City of Ashland v. Ashland Water Company.*) 295.

above that required for domestic purposes, which is occasioned by the necessity of fire protection and other public needs. The commission therefore divides the investment for these two purposes, and upon this basis estimates the cost of depreciation, interest and maintenance chargeable to each. While this is of course the correct method its use is only possible by means of a detailed engineering valuation. However, it is not here the purpose to determine the equitable charges for the taxpayers and water consumers of Illinois cities, but rather to compare the different costs of operation, and to point out in certain cases matters which are worthy of explanation or investigation by the individual superintendents.

It may be necessary to defend the view that a municipal water plant should earn a reasonable rate of interest upon the amount invested. If, however, we are willing to divorce the personality of the water consumer from the taxpayer, the justice of such a demand is apparent. While the value of the plant is represented by bonds, the necessity of the plant earning interest upon these bonds will hardly be questioned. When such bonds have been refunded, or have been retired through the exercise of the taxing power, it would seem that a sum equal to the original interest should still be turned into the city treasury,—in one case to pay the interest on the new bonds; in the other to recompense the tax payers for the use of the funds. It may be argued that the state law already mentioned requires that the erection bonds be retired from the earnings of the plant. One looks in vain, however, either for any authority to put such a requirement into effect, or for evidence of its enforcement, as exhibited by a statement of municipal indebtedness.

The major proportion of municipal bonds are outstanding at from four percent to four and one-half percent interest.⁷ Four percent has been taken as reasonable for a plant to earn, without regard to the rate in any particular

⁷See Table 29.

city. Such a rate is conservative, and makes some allowance for the uniformly excessive valuation of the properties.

The necessity of charging depreciation against a plant is more apparent, and only one instance will be presented as evidence. Springfield found itself at the beginning of 1909 with a badly delapidated plant, capable of maintaining at times only twenty pounds of pressure. Repairs and renewals were badly needed, but since the city had reached the debt limit no bonds could be issued; and since no depreciation fund had been maintained the money must first be earned by the plant itself. The results of such methods are wasteful operation, high charges and poor service. The estimated life of four municipal water plants in Wisconsin was 65.25 years or a depreciation of something less than two percent per year.⁸ This latter rate might be assumed

⁸The calculations of the lives of the various units of utility equipment, upon which this estimate was based, were kindly furnished by Mr. Edwin F. Gruhl, Statistician for the Railroad Commission of Wisconsin, and are as follows:

Wells, driven or drilled	100	years.
Wells, large open, stone or brick walled.....	50-100	"
Suction pipes and intakes.....	50-100	"
Stand pipes	50- 75	"
Reservoirs	75-100	"
Filter beds	100	"
Cast iron mains, fittings, valves.....	100	"
Hydrants	50	"
Wrought iron mains, services		
galvanized	50	"
black	35- 40	"
Services, lead	100	"
Fittings and valves in service given a life as in pipe lines in which located.		
Meters	25	"
Using lives similar to these, the average rates of depreciation for entire waterworks systems were computed as follows:		
Antigo Water Works.....	60.03	years.
Manitowoc Water Works	66.16	"
Superior Water, Light and Power Co.....	67.29	"
Chippewa Falls Water Works and Light Co.....	67.60	"
Average	65.25	"

were the depreciation fund to lie idle and earn no interest. In private plants depreciation funds may be reckoned as earning 4% compound interest. In the case of public plants the funds will possibly be idle, or even more probably spent. In this latter case we may assume that the fund becomes a debt of the city and is worth at least four percent simple interest. The rate of depreciation may then be said to lie between one-half percent and two percent of the depreciable value,—and by depreciable value is meant the cash value, less real estate, paving, services where paid for by the consumer, and extensions made during the current year. The mean figure of one percent is usually allowed by engineers as a reasonable depreciation upon this value. To this latter amount cannot be known for the plants here in question, we will assume that this depreciation applies to the total value.

In the following table is shown for thirteen cities, the estimated value of the plant, interest, depreciation and cost of operation, making a total of all costs; and the excess of this sum over the revenue received, which may be taken as the amount paid by the city for the public service of the plant. In the last column this deficit is shown as cost per hydrant. In the second table is presented the average daily pumpage of each city; the total cost (interest, depreciation and operation) for pumping each million gallons; the actual cash income from water rents for each million gallons; and the actual cost of operation per million gallons.

These tables are self-explanatory and carry in some degree their own criticism. While it is unfair to criticise the administration of any particular city because of high cost of operation,—since the conditions of operation in different cities are decidedly different, yet taken as a whole the tables may indicate the general tendencies of municipal management.

It will be noticed that three of the thirteen cities,—Decatur, Evanston and Springfield, are operating water works with a distinct surplus above a liberal estimate for

all expenses. In such instances the consumer is not only paying for his own water, and for the service to the city, but is turning considerable profit into the city treasury. In Springfield the conditions make such results necessary, for reasons already stated; but in the two other municipalities, it appears that the water rates might reasonably be lowered.

On the other hand, two cities, Joliet and LaSalle, are evidently operating their plants at a loss. The public

TABLE 19.

STATISTICS OF MUNICIPAL WATER PLANTS AND COST PER HYDRANT IN
ILLINOIS CITIES, 1909.

	Estimated Value of Plant	Interest at 4%	Depreciation at 1%	Cost of Operation	Total of All Costs ⁵	Income from Water Rents	Deficit over Income	No. of Hydrants	Cost per Hydrant
Aurora	\$500,000	\$20,000	\$5,000	\$26,000	\$51,000	\$45,032	\$5,968	517	\$11.50
Bloomington	350,000	14,000	3,500	25,268	42,768	34,307	8,461	506	16.72
Decatur ...	450,000	18,000	4,500	28,000	50,500	60,000	9,500 ⁶	540	Profit
Elgin	585,000	23,400	5,850	19,488	48,738	42,000	6,738	430	15.67
Evanston ...	600,000	24,000	6,000	27,873	57,873	93,697	35,824 ⁶	578	Profit
Galesburg ..	285,000	11,400	2,850	19,530	33,780	24,614	9,066	386	23.49
Jacksonville	225,000 ²	9,000	2,250	11,002 ⁴	22,252	16,554	5,698	205	27.79
Joliet	600,000	24,000	6,000	34,985	64,985	32,000	32,985	341	96.73
LaSalle	250,000	10,000	2,500	15,297	27,797	15,694	12,103	105	115.26
Ottawa	235,000	9,400	2,350	8,000	19,750	14,266	5,484	167 ¹	32.83
Rockford ..	849,094	33,963	8,490	31,833	74,286	64,449	9,837	519	18.95
Rock Island	900,000	36,000	9,000	28,000	73,000	64,700	8,300	254	32.68
Springfield .	707,811 ³	29,750 ²	7,078	54,258	91,086	123,083	31,997 ⁶	906	Profit

¹Actually used by water plant.

²Estimated.

³It is estimated that \$850,000 of the banded debt of the city is chargeable to the water works. The interest is at 3½%.

⁴8 mo. + pay roll for 4 mo.—

⁵To be accurate an estimate of the taxes should be included in this cost. Owing to the different rates of assessment and taxation, the item of taxes is omitted.

⁶Surplus of income over all costs.

TABLE 20.

STATISTICS RELATIVE TO COST OF OPERATION PER MILLION GALLONS PUMPED BY MUNICIPAL WATER PLANTS.

	Average Daily Pumpage, Gals.	Total Cost per Million Gallons	Income per Million Gallons	Cost of Operation per Million Gals.	Miles of Mains	Hydrants per Mile	Average per Cap. Daily Consumption	Kind of Service
Aurora	1,789,000	\$78.30	\$69.00	\$40.00	61	8.5	60	Metered
Bloomington	1,750,000	67.00	53.75	39.60	46.75	10.8	67	Metered
Decatur	3,000,000	46.00	92.00	25.30	50	10.8	96	Metered
Elgin	2,292,000	58.00	56.15	22.15	56	7.6	88	53% ¹
Evanston	6,056,000	26.00	42.20	12.60	75.067	7.7	148 ³	Partly?
Galesburg	2,000,000	46.20	33.80	26.80	37.25	10.3	90	Metered
Jacksonville	800,000	77.10	56.75	37.65	30	6.8	52	Metered
Joliet	4,500,000	39.40	19.50	21.12	39.38	8.6	129	32% ¹
LaSalle	2,500,000	32.00	17.20	16.80	16	6.5	216	None?
Ottawa	600,000	90.20	65.00	36.50	27	6.2	54	Metered
Rockford	3,612,000	56.50	48.90	24.20	90.5	5.7	85	51% ¹
Rock Island	3,500,000	55.80	48.50	21.40	37	6.8	134	15% ²
Springfield	4,678,000	53.50	72.00	31.80	97	8.3	90	51% ¹

¹Of the water revenue is from metered services.

²Of the services are metered.

³Supplies a suburb at a flat rate.

cost of maintaining hydrants in these corporations is estimated at \$96.73 and \$115.26 respectively, which based upon the rates charged by private plants is excessive. The average rate charged by water companies in seven cities of the state (without reference to the number of hydrants in each city) is \$47.66,⁹ the range being from \$25 in Peoria to

Alton	276	hydrants @ \$50.00
Champaign	172	" @ 40.00
Danville	440	" @ 40.00
Freeport	190	" @ 50.00
E. St. Louis.....	125	" @ 80.00
	150	" @ 70.00
Peoria	1000	" @ 41.60
	113	" @ 25.00
Streator	112	" @ 45.00
	161	" @ 50.00

\$80 in East St. Louis. The normal rate is between \$40 and \$50 per hydrant. The unweighted average cost per hydrant in the ten municipal plants not operating at a profit is \$44.97, while in most of the cities the cost is between \$15 and \$33. A more exact statement would be to say that the whole public service, cost this much per hydrant, since no allowance has been made for water consumed for other public purposes.

If two cities are operating municipal plants to their direct financial detriment, to what causes may this loss be ascribed? In both Joliet and LaSalle the amount of water pumped is large for the amount of capital invested, so excessive interest and depreciation charges may not be advanced as reasons. The two remaining factors which influence the charge to the municipality are the cost of operation and amount of income from water rents. In both cases under consideration the former charges are low, being \$21.12 per million gallons in Joliet, and \$16.80 per million gallons in LaSalle. At the same time, the amounts received for water in these cities are relatively small compared with the sums received in neighboring municipalities, being under \$20.00 per million gallons in both instances. Since the loss can neither be ascribed to the fixed charges nor extravagant operation, it follows that the rates charged in these cities are too small for successful operation of the plants. In these two instances the water consumer is profiting decidedly at the expense of the tax payer.

In other instances the reverse is true. For example, Aurora receives \$69.00 per million gallons pumped; Decatur, \$92.00; Ottawa, \$65.00; and Springfield, \$72.00; while the incomes of several other cities ranges above \$50.00 per million gallons. In all of the above mentioned cities except one (Ottawa), the cities are receiving fire protection free, or at a cost of less than \$17.00 per hydrant; and this in spite of the fact that two of the municipalities (Aurora and Bloomington) have high operating costs. Under such conditions the taxpayer profits at the expense of the water consumer.

It has been mentioned that in two cities the cost of operation was high compared with the other plants of the state. Conditions of operation vary widely in different localities, and it is unfair to make a hurried judgment concerning the efficiency of management in any particular city. We may, however, compare the cost of operation in the municipal plants of the state with similar items of typical private plants. The operating expenses per million gallons for nine private plants in Wisconsin, were during recent years, as follows: Appleton, \$36.73; Beloit, \$23.35; Eau Claire, \$18.24; Fond du Lac, \$20.31; Green Bay, \$48.79; and Sheboygan, \$24.74. An average for the nine plants is \$29.78 or allowing for pump slip (which was done in the figures for municipal plants) is \$33.08.¹⁰ The average cost of operation per million gallons for thirteen municipal plants in Illinois is \$27.38 per million, and eight of the number fall considerably below this figure. This would seem to indicate that municipally operated plants compare successfully with those in private hands. It must be remembered, however, that municipal plants pump large quantities of free water, and frequently have unmetered service, in which events the favorable showing of public plants might be accounted for by the law of decreasing costs,—with cheapened increased production, rather than thru any retrenchment or economical administration by public officials. Caution would commend this latter view.

The situation may be further analyzed by comparing the ratio of operating expenses to revenues in public and private plants. In Wisconsin private plants are allowed to earn operating expenses, plus a reasonable profit, and depreciation. The "total of all costs" shown in table 21 represents the same earnings for municipal plants. For ten private plants the percentages in 1908 were:¹¹

¹⁰R. R. Com. of Wis., *supra cit.*, 283.

¹¹*Supra cit.* p. 282.

TABLE 21.

RATIO OF OPERATING COSTS TO RECEIPTS IN PRIVATE WATER PLANTS.

Appleton Water Works Co.....	63.04%
Beloit Water, Gas & Electric Co.....	41.01
Eau Claire Water Co.....	38.04
Fond du Lac Water Co.....	33.69
Green Bay Water Co.....	42.73
Janesville Water Co.....	47.40
Manitowoc Water Co.....	46.99
Marinette City Water Co.....	34.57
Sheboygan City Water Co.....	27.34
<i>Average</i>	39.34

For thirteen municipal plants in Illinois the ratio of operating costs to revenue and to "total of all costs" is:

TABLE 22.

RATIO OF OPERATING COSTS TO RECEIPTS AND "TOTAL OF ALL COSTS"
IN MUNICIPAL WATER PLANTS.

City.	Revenue	"Total of all Costs."
Aurora	57.8%	52.1%
Bloomington	74.0	59.2
Decatur	46.7	55.4
Elgin	46.4	40.0
Evanston	29.7	48.3
Galesburg	79.1	58.0
Jacksonville	66.5	49.4
Joliet	109.2	54.0
LaSalle	97.5	53.0
Ottawa	56.0	40.5
Rockford	49.5	43.0
Rock Island.....	41.7	38.4
Springfield	44.1	59.6
<i>Average</i>	61.3	50.2

From these two tables it appears that one city is operating its water works at a net loss, another within 2.5% of its income, and seven spend more than one-half of their income for operating expenses. Either the operating expenses of municipal plants are too high or the charges for water are too low. The second column of the second table shows operating expenses in relation to the "total of all costs". A liberal allowance has been made

for interest and depreciation, yet the percent for operation, with one exception, is higher than the average for private plants. On the average the ratio is ten percent higher. While these figures are not favorable to, they are not an arraignment of municipal ownership. As counter argument it may be advanced that low rates are accompanied by liberal use of water, which is a matter of city policy and not of plant management.

Meter or fixture rates have a decided influence upon the net revenues of a water plant. A metered plant may operate at a loss thru extravagance or low rates; a fixture plant has the handicap of wasted water in every case. In table 20 is stated the per capita daily water consumption of the cities under consideration. The metered plants have an average daily consumption of 69 gallons per person, while the average for the remainder is almost double or 132 gallons. The purpose of the meter is not to require excessive payment, but to regulate the consumption of water. In fact, in Springfield, the consumer saved from 25% to 50% by the adoption of meters.¹² The sudden adoption of meters, because of the large decrease in consumption means a temporary diminution of the city income until the saved water is purchased by new users. The saving in the cost of operation, however, is noticeable from the beginning. In Elgin with only one-half of the taps metered, the saving in one year (1907-08) was \$6,000, the annual pumpage being reduced 50,000,000 gallons. The wasted water is paid for, not in proportion to what is wasted by the individual, but in proportion to what is wasted on the average. It is only equitable that each consumer should pay upon a graduated scale for the water which he consumes, plus a fixed charge for booking, repairing, cost of meters, meter reading, and other incidental expenses.

¹²Springfield, Ill. Annual Report of Water Works, 1910, p. 7. In this excellent report upon a rather inadequate plant, Mr. Willis J. Spaulding presents some very reasonable arguments for metered service and for the payment of extensions by the property frontage owner.

A further immense loss to commercial revenues is due to the loss of water by leakage. An investigation of the municipal plant at Madison, Wis., showed that only 45% of the water pumped reached the consumer. A very conservative estimate for the city of Springfield was that 22% of the pumpage was being lost. The estimated life of water pipes is one hundred years. In heavy soils mains may last longer than this; but in light or stony ground, or where there is action by electrolysis, the duration cannot be estimated. Perhaps several municipalities which are contemplating new wells and enlarged plants to supply the demand for water, might find it cheaper to rent a pitometer and investigate the conditions of mains lying parallel to street car tracks, or which have been long in the ground.

In connection with water mains a word may be added concerning the extension of the distributing system. It has been urged that the cost of laying new pipes be charged to frontage by special assessment rather than paying it from the water fund or from general taxes. Nearly one-half the cities mentioned here have adopted this method in whole or in part, altho many miles of mains have been previously laid out of the water fund.

Under the water fund plan of extensions there is a constant rivalry of different sections of the city to secure water services. Since the funds are limited, favoritism and ill feeling may be expected, combined with an absolute restriction upon the growth of the city. Moreover, when pipes are laid in sparsely settled districts, there is a distinct rise in property values to which the owner has contributed nothing, the water consumer bearing the cost. Under the old system the consumer, in the end, not only paid for his own frontage, but also for the frontage of the vacant property owner. The change to the special assessment method would mean that the consumer would pay for his own frontage in a lump sum, and be relieved from paying the cost of his neighbor's improvement.

LIGHTING PLANTS.

Municipal lighting plants in Illinois yield no direct revenue to the city treasury, since they are not permitted to undertake commercial lighting; yet they should be considered owing to their close relation to municipal water plants. In all the cases of public lighting systems considered the lighting plants are a part of the water works, and are charged a fixed proportion of the costs of operation.

An act of the legislature of 1883¹³ permits cities to levy a three mill tax to be used exclusively for the purpose of lighting streets. Under this act, six cities do their own public lighting, a statement of their costs being presented in table 23.

TABLE 23.

STATISTICS RELATIVE TO COST OF OPERATION IN MUNICIPAL LIGHTING PLANTS.

	Estimated Value of Plant	Interest at 4%	Depreciation at 3%	Cost of Operation	Total of All Costs	Number of Lamps	Cost per Lamp
Aurora	\$ 40,000	\$1,600	\$1,200	\$10,014 ¹	\$12,814	418	\$30.65
Bloomington	100,000	4,000	3,000	17,291	24,291	442	54.95
Decatur	85,000	3,400	2,550	14,000	19,950	300 ²	66.50
Galesburg	45,000	1,800	1,350	10,000	13,150	336	39.13
Jacksonville	25,000	1,000	750	8,000	9,750	226	43.14
LaSalle	50,000	2,000	1,500	5,500	9,000	114	79.82

¹³\$5842 for seven months.²Is rapidly increasing number to a maximum of 700.

The matter of interest on the value of public plants has been previously discussed, the rate taken being four percent. The rate of depreciation is much higher in electric plants than in water works. From data furnished by the Railroad Commission of Wisconsin the average life of

¹³Rev. Stat. (1908), ch. 24, par. 281.

a complete electric light plant has been estimated at 17.46 years.¹⁴ In municipal plants, maintaining only an arc system, the average life would be a trifle longer. The Wisconsin Commission estimate, in the case of the Menominee and Marinette Light and Water Co., was 19.72 years. This would require a simple depreciation charge of five per cent per annum; or allowing four percent compound interest upon the depreciation fund, the necessary rate would be 2.42%. At three percent interest, the rate would be 2.85%. Between these limits three percent may be considered as a fair rate of depreciation.

In Table 23 is shown the estimated value of the public lighting plants; the interest on these sums at four percent; depreciation at three percent; cost of operation for the

¹⁴The unit lives involved in municipal lighting are:

Generators and rotaries.....	20	years
Static transformers	20	"
Steam turbo-generators	20	"
Switchboard and wiring complete.....	20	"
Lightning arresters	10	"
Weather proof copper wire installation.....	16	"
Underground cable	25	"
Aerial cables	15	"
Manholes	50	"
Conduits	12-18	"
Cedar poles in earth	20	"
Cedar poles in concrete.....	40	"
Pole anchors and guys.....	12-15	"
Service transformers	15	"
Arc lamps and span equipment.....	15	"
With unit lives similar to these, the composite life of complete electric systems was computed as follows:		
Madison Gas & Electric Co.....	17.2	years
Ripon Light and Water Co.....	18.24	"
Superior Light & Power Plant.....	17.91	"
Chippewa Falls Water Works & Light Co.....	15.60	"
Green Bay Traction Co.....	16.73	"
Ashland Light, Power & Traction Co.....	17.04	"
Wisconsin Traction, Light and Power Co.....	20.59	"
Menominee Light & Traction Co.....	17.54	"
Average	17.46	"

last fiscal year; "total of all costs"; number of lamps and the estimated cost per lamp.

The figures for the total cost per lamp may be compared with the prices paid to private plants in the cities not having municipal plants. In table 24 these are given with the number of lights and the schedule upon which they are run.

TABLE 24.

CHARGES BY PRIVATE ELECTRIC LIGHT PLANTS FOR ARC SERVICE.

City	No. of Lights	Charge per Year	Schedule
Alton	250	\$69	Philadelphia
Belleville	351	70	Complete
Danville	55	60	Complete
	425	40	Philadelphia
Elgin	247	58	Complete
	103	48	Limited
	43	42	Limited
Evanston ¹	386	60	Philadelphia
Freeport	130	70	
Rockford ²	501	52	Complete
Rock Island	287	60	
Streator	161	65	Philadelphia

¹New schedule now in force,—\$62.50 for overhead service; \$72.50 for conduit services, all complete.

²City owns the means of distribution.

Such a comparison is, however, of limited value. In the first place municipal plants do not adopt a steady schedule, but burn their lights as the circumstances require. Further, no great dependence can be placed upon the valuation of the plants or upon the costs of operation which are given. In most cases the estimated values are percentages of the total figures for the municipal water plants. The lighting plants could probably be duplicated in every case for the amount stated; but the operating costs cannot be accurately checked against them since these are frequently given as one-third of the combined costs of operating the light and water plants.

Remembering these limitations upon the accuracy of our figures, it appears that three cities,—Aurora, Galesburg and Jacksonville, are securing light at a less cost than could be done by private contract. In the other three cities the cost of municipal lighting appears to be more than the lowest charge made by private plants, but in two cities the circumstances point to an actual cost which is lower than that shown here. Galesburg is rapidly extending to a 700 light system; while the figures from Bloomington appear to be purely guess work rather than a careful estimate. When lighting plants are operated in combination with municipal water works, using boilers which otherwise would stand idle at night, the result should be lighting at a small cost. Some superintendents complain that since they are not allowed to sell commercial power and light, the plants are at a disadvantage. Such permission would put into usefulness valuable machinery which is now idle during the day time. In small cities where municipal lighting is the principal item of light, the erection of a private plant in addition to a municipal plant is a useless duplication of works; or the introduction of modern lighting is delayed until the private industry can be supported without the public contracts.

CEMETERIES.

Public cemeteries are authorized by an act of the legislature of 1874, which permits cities and villages to acquire property, sell lots, and provide a board of control for burial grounds.¹⁵ Burial grounds are owned by seven of the municipalities visited and in an eighth (Moline) they become public in 1912. These undertakings, however, are of small importance, as sources of revenue. The charges are not such that public operation can be compared with that of privately owned grounds. From the point of revenue the possession of these grounds is a decided loss. Omitting from consideration, both the interest on the

¹⁵*Rev. Stat. (1908) ch. 21, par. 5.*

original investment, and the constant depreciation from the sale of lots, the cost of operation and maintenance exceeds the income in three of the five cases in which the costs were obtainable. The sums involved, however, are inconsiderable. The following table shows the revenues as well as the cost of operation where this item could be secured.

TABLE 25.
INCOME AND COST OF OPERATION OF MUNICIPAL BURIAL GROUNDS.

City	Interment Fees	Sale of Lots	Miscell'ous Revenue	Total Revenue	Cost of Operation
Aurora .....	.....	.....	.....	\$2646	\$1296
Belleville	\$2266	\$1455	.....	3721	3500
Bloomington	334	304	4	638	841
Elgin	1420	4177	1141	6738	7220
Freeport .....	.....	259	238	497	1697
Galesburg .....	.....	.....	.....	1487	.....
Jacksonville .....	.....	.....	.....	2160	.....

PUBLIC LIBRARIES.

The income accruing to libraries might be tabulated with other city revenues, according to its source,—as fines, rents, etc. For purposes of comparison, however, and since these sums seldom reach the city treasury, it is preferable to treat library revenues as distinct from those of the city.

In Table 26 is shown the miscellaneous income from twenty-two public libraries. The latter part of this table refers to book circulation which more or less influences the amount of income.

Two libraries, in Alton and Ottawa, are dependent upon endowment for practically their entire support, the latter receiving a city appropriation of only \$500 per year; Champaign is partially independent of municipal support. Evanston has two small funds, the interest of which is applied to the purchase of books upon medicine and music.

Quincy has for general purposes the income on a very small amount of money. Even aside from the gift of library buildings by one individual, public libraries are the most favored of city institutions by private benefactors. In Alton, Champaign and Ottawa, the libraries are housed in buildings furnished by the donor of an endowment; while in Alton and Ottawa, the endowment is sufficient to place the management independent of city control.

TABLE 26.
STATISTICS OF PUBLIC LIBRARIES. ILLINOIS CITIES, 1909.

	Fines	Renting Collection	Rents	Endowment Income	Other Misc. Revenue	Total Misc. Revenue	Endowment	Av. Daily Circulation	Pop. per Daily Book Cir.
Alton	\$ 253	none	none	\$2,400	none	\$2,653	\$50,000	284	61
Aurora	396	none	none	none	none	396	none	312	95
Belleville	97	31	none	none	none	128	none	150	140
Bloomington	—	150	950	none	350	1,450	none	325	80
Champaign ...	243	none	10	500	none	753	10,000	160	77
Danville	239	none	none	none	none	239	none	270	103
Decatur	358	none	none	none	none	358	none	362	86
E. St. Louis	238	none	none	none	30	268	none	352	166
Elgin ¹	229	none	none	none	none	229	none	681	— ¹
Evanston	881	235	—	362	252	1,730	6,925	353	70
Freeport	79	18	none	none	none	97	none	214	82
Galesburg	370	341	none	none	179	890	none	505	43
Joliet	403	none	—	none	639	1,042	none	386	89
Ottawa	89	none	75	4,718	5	4,887	75,000	71	134
Peoria	1,017	none	188	none	none	1,205	none	679	98
Quincy	24	none	25	65	none	114	none	330	110
Rockford	398	220	430	none	none	1,048	none	537	84
Springfield ...	476	none	none	none	41	517	none	337	153
Streator	181	none	none	none	25	206	none	173	82
Urbana.....	40	none	none	none	none	40	none	108	76

¹Township library.

Fines, which are first in importance of the incidental revenues, bear some rough relation to the number of books in circulation. This relationship is, however, far from exact, indicating probably, not a difference in the prompt-

ness of book borrowers, but rather a variation in the enforcement of library regulations.

Six libraries rent portions of their buildings, gaining in two instances a considerable income by this means. Carnegie-built libraries are frequently larger than is now needed for library purposes, affording space which may be rental to clubs, or occasionally is occupied by the permanent offices of the school board.

It is somewhat surprising to find that only six libraries have introduced the "renting collection".¹⁶ While this field is limited to the newest and most popular fiction, the books are put in circulation as soon as paid for by the rent secured, permitting the general revenues to be applied in a more profitable direction. The figures on the relation of circulation to population indicate the wide range of library effectiveness in the several cities. This may be due in part to the variation of types of population; but the library management cannot be entirely exonerated.

CITY HOSPITALS.

Public hospitals may be established upon a majority vote of the citizens, on a proposal initiated by one hundred petitioners. Except for paupers reasonable compensation must be exacted for services rendered.¹⁷ An examination of the city reports shows no returns from this source paid directly to the city treasury, altho in Ottawa the sum of the collections was reported to the city council. The public hospitals in Illinois are quasi-private institutions, to which appropriations are made by the city, or financial provision is made for the care of cases for which the city is responsible.

Recent legislation has also provided for the establishment of tuberculosis sanitariums and legalized a four mill tax for their support.¹⁸ Services are to be free except for

¹⁶Books rented at nominal charges.

¹⁷Laws of 1909, p. 308.

¹⁸Rev. Stat. ch. 24, par. 685.

medical attendance and similar charges. Several cities have authorized such institutions but their erection is delayed until financial difficulties can be cleared up.

STREET RAILWAYS.

There are no municipal traction systems in operation within the state, tho such are authorized under certain conditions.¹⁹ Cities may organize and own street railways upon approval by a majority of the voters voting on such a proposition and may operate such railways when approved by three-fifths of those voting; or the city may include in a franchise granted, the right to take over the system upon specified terms. A municipality may also transfer privileges acquired in one company to another, tho any lease of public property for longer than five years must be sanctioned by popular vote. In the case of municipal operation the charges must be sufficient to cover the cost of maintenance, interest charges, and to create a sinking fund.

By a two-thirds vote, a city may issue bonds for the purchase, or the construction and equipment of street railways; or may acquire the same by condemnation. In the latter case, compensation must be allowed for the value of existing franchises. If the system is owned by the city and leased to a private corporation, the rental must include at least interest upon the investment and a return for the franchise value.

By a majority vote, the municipality may in lieu of bonds, issue street railway certificates running for not to exceed twenty years, payable only from the net income of the railway, and bearing interest at a rate not specified. These certificates may be secured by the issue of mortgage or trust bonds, which can be foreclosed after default of interest for one year. Foreclosure carries the privilege of operation by the private company for not exceeding twenty years. Under the Mueller Law, it was provided that

¹⁹Rev. Stat. (1908) ch. 24, par. 655 *et seq.*; Laws of 1903, p. 285.

loans secured by mortgage certificates could be issued outside of the debt limit; but the supreme court has held that this may not be done under the present constitution.

Should the city operate a street railway system, there must be kept separate accounts showing the actual cost to the city, cost of maintenance, extensions and improvements, operating expenses of every description, sinking fund, free water, and free services rendered by the railway, interest, depreciation, insurance and exemption of taxes, of which an annual printed account, examined by an expert accountant, is required to be made to the city council. The accounting of these various items presages the time when city utilities will be conducted separately and distinctly from one another, and independently of the city treasury; and when any surplus created will be devoted to the use of the consumers who have produced it. The rule which forbids cities engaging in private business for a profit, should enjoin their engaging in public enterprises for the same purpose.²⁰

SEWERS.

Sewer systems may be constructed under an act of 1883 permitting the levying of a three mill tax for that purpose,²¹ or they may be created under the local improvement law which permits them to be paid for by special assessments or general taxation.²² There is no city in which a revenue is derived from the operation of sewers; and the method of extending the systems has been considered under the subject of "Special Assessments".²³

REAL ESTATE.

Cities owning landings on navigable rivers may lease portions for wharfage for a period not exceeding twenty-

²⁰See ch. IV for tax on franchises.

²¹Rev. Stat. (1908) ch. 24, par. 280.

²²Ibid. ch. 24, par. 507 *et seq.*

²³See chap. IV.

five years.²⁴ Quincy has four such leases,—one terminable by either party upon sixty days notice; one to expire in 1912; and two to expire in 1934. The income from the entire number is \$320 per year. Rock Island also has \$200 per year income of a similar nature.

Several other cities receive a small revenue from the lease for space in municipal buildings, pasturage on land used for garbage disposal, etc. A list of these with the source of the income is given below:

TABLE 27.

RECEIPTS FROM CITY REAL ESTATE.

Alton	\$167.	Ground rent.
Aurora	375.	Office rent and use of polling places.
Champaign	265.	Building rent.
Elgin	189.	"Rents, etc."
Freeport	184.	"Use of polling places."
Galesburg	231.	Alley, land, and pasture rent.
Moline	250.	"Use of city real estate".
Rock Island	1530.	Rents and ground leased to railway.
Springfield	540.	"Use of city real estate".
Urbana	52.	Pasturage.

Such small returns from city property might be contrasted with the large revenues from the public domains of some European cities where the management of real estate is often an important corporate function.

OTHER CITY PROPERTY.

Aside from the interest on city funds, a small income is derived from the occasional use of other city property. Cities may own and operate bridges and ferries,²⁵ charging a sufficient toll to cover interest, repairs, sinking fund and operating expenses. In Ottawa the ferry tolls amount to \$3248 per year, while the city of Rock Island received until 1908 about \$4000 per annum from bridge tolls. The bridge is now free. An obsolete provision of the statutes

²⁴Rev. Stat. (1908) ch. 24, par. 247.

²⁵Ibid. ch. 24, par. 194.

permits cities coming into the possession of toll roads to continue to collect a reasonable toll, tho no new toll roads may be created.

More frequent sources of revenue of this sort are from public markets (scale fees), use of ambulances and of city machinery. The following cities report incomes of this nature: Alton, \$810, city scales; Aurora, \$204, use of ambulance; Belleville, \$480, use of city machinery; Bloomington, \$300, from McLean County for tramp house; Joliet, \$84, use of steam roller; LaSalle, \$112, "use of city property"; Moline, \$112, use of city scales; and Streator, \$18, for ambulance hire. Doubtless most cities have items of this nature, but have reported them as miscellaneous receipts. Those given are sufficient to show the amounts and nature of this income.

INTEREST ON CITY FUNDS.

Interest on city funds is an almost unutilized source of city income, as a rule such revenue being considered as a perquisite of the city treasurer. The few cities having permanent funds usually receive interest at some rate, but the amount lost thru failure to receive interest upon current funds is large. Such funds, however, vary in amount, and their size is reduced by the gradual payments of tax warrants and floating indebtedness.

In Chicago, bids are made upon the city funds and the council awards to the highest and best bidders in sufficient numbers to insure safety,—bonds being given by the banks as security.²⁶ A special scheme is adopted by which each bank is checked against for only two months in the year thus permitting an uninterrupted use of city funds for at least five months. But by this plan only one and one-half percent per annum is secured. Any law relative to the smaller cities of the state should be sufficiently comprehensive to permit the cities to borrow money for corporate purposes from such permanent funds as may be available,—

²⁶Merriam, *Municipal Revenues of Chicago*, p. 103 *et seq.*

from sinking funds, water funds, permanent improvement funds, etc.²⁷ Such a move would secure five or six percent upon these permanent funds, the present rate being about three percent. Or if only the varying current funds are available, arrangements might be made with banks, by allowing the free use of city funds during the early part of the calendar year, the municipality might borrow without interest when the treasury is depleted. In Elgin, by such a plan an average of \$25,000 is borrowed each year.

Of the twenty-four cities, only seven receive interest upon funds of any kind, the largest amount being \$16,306, which is returned to Quincy upon sinking funds aggregating \$354,789. This is at a rate of about four and one-half percent. Five percent is received upon the larger part of this fund. All the interest accruing is reapplied to the sinking funds. On May 1st, 1909, there was a general balance of \$71,037 upon which no interest was noted. Evanston received \$3063 as "interest on city funds" the same being applied to the salary fund. Freeport received \$1916 as "interest on bank balances." On April 1st, 1910, such balances were \$67,534 for special assessments, plus \$13,270 for general cash on hand. As "interest on sinking funds", Galesburg received \$1667 per year. As interest upon a "special bridge fund" balance of \$57,101, Peoria added to that fund \$1,001 during 1909; the interest upon a "bridge bond sinking fund" of \$8750 was \$417. As the total income of the city for the year is nearly a million dollars the interest return is inconsiderable. In Alton the city finances are in such excellent shape that the city was able to loan \$30,000 of the general fund at three percent interest. In the above list, however, it will be noted that the return from interest on current funds is inconspicuous.

The following table represents an estimate of the normal amount of funds which lie idle in the city treasuries. There is shown the entire amount received during the year for all purposes, as well as the balance on hand at the beginning and at the end of the fiscal years.

²⁷Cf. Laws of 1911, p. 150.

TABLE 28.

BALANCES AND RECEIPTS FOR GENERAL FUNDS, SPECIAL ASSESSMENTS AND SPECIAL FUNDS FOR THE YEAR 1909.

General Funds.¹

	Balance at beginning of fiscal year.	Receipts, 1909.	Balance at end of year.
Alton	\$14,286	\$214,377	\$69,391 ²
Aurora	23,750	220,334	18,870
Belleville	1,764	137,824	4,133 ²
Bloomington	21,461	265,723	19,440
Danville	75,843	211,193	68,190 ²
Evanston	115,412	461,875	96,576
Freeport	6,368	111,696	13,270
Joliet	55,062	451,238	80,090
Ottawa	43,395	134,754	1,365
Peoria	14,024	576,694	21,942
Quincy	71,604	217,292	67,346
Rockford	17,223	494,475	21,125 ²
Rock Island	6,775	118,673	10,668 ³
Urbana	5,718	85,059	276 ²

Special Assessments.¹

Aurora	see above	\$146,000	see above
Bloomington	\$38,072	115,397	\$69,333
Evanston	see above	126,180	7,288
Freeport	82,230	98,414	67,534
Ottawa	13,644	43,269	23,920
Peoria	2,006	315,693	385
Quincy	1,632	27,099	6,597
Rock Island.....	4,520	14,491	7,097

Special Funds.¹

Aurora	see above	\$69,273	see above
Bloomington	\$7,392	722	\$1,350
Joliet	78	25,574	15,552
Peoria	66,431	12,113	20,603
Quincy	354,789	16,304	371,093
Rock Island	24,831	63,922	24,511

Grand Totals.¹

Alton	\$14,286	\$214,337	\$69,391
Aurora	23,750	435,607	18,870
Belleville	1,764	137,824	4,133

¹Amounts of less than one dollar not considered.²Includes all funds.³Fiscal year, 1907.

TABLE 28.—Continued.

BALANCES AND RECEIPTS FOR GENERAL FUNDS, SPECIAL ASSESSMENTS AND SPECIAL FUNDS FOR THE YEAR 1909.

	Balance at beginning of fiscal year.	Receipts, 1909.	Balance at end of year.
Bloomington	66,925	381,842	90,223
Danville	75,843	211,193	68,540
Evanston	115,412	588,055	103,854
Freeport	88,598	210,110	80,804
Joliet	55,140	476,812	95,642
Ottawa	57,059	178,023	25,285
Peoria	82,461	904,500	42,930
Quincy	425,826	260,605	445,036
Rockford	17,223	494,474	21,125
Rock Island	36,106	197,086	42,276
Urbana	5,718	85,059	276

These figures do not show the maximum or minimum amounts in the treasuries, and no general rule concerning the average amounts can be formulated, since the conditions in each of the instances are radically different. In the sixteen cities²⁸ issuing tax warrants it must be assumed that the treasuries are practically empty for a part of the year, and it is safe to conclude that a share of the sums paid in as special assessments are almost immediately used to retire assessment bonds. Delinquent assessments would be an exception to this rule. Of taxes and licenses, which form the working balances of the cities, the former come in over a period of the five months from January to June, while the latter are paid quarterly or semi-annually.

Under the recent commission government law for cities, treasurers in such cities are compelled to return interest at three percent on city funds. A review of the workings of these cities at the end of the first fiscal year will give a more certain clue to the interest loss of the other cities of Illinois. Judging from the facts at hand, such loss is not less than \$500 in the smaller towns; increases to \$1000 in cities of very moderate size; and probably rises to \$5000 or more in the larger cities of the state.

²⁸See Table 29.

TABLE 29. STATISTICS RELATIVE TO MUNICIPAL INDEBTEDNESS, ILLINOIS CITIES, 1909.

	Bonded Debt	Floating Debt	Tax Warrents	Total Indebtedness	Per capita Indebtedness	Total Debt	Interest Rate Bonded Debt	Tax Warrents	Percent of Assessed Debt	Debt Bonds	Interest on Bonds	Warrents on Bonds	Total Interest	Per capita Capital	Interest	Interest
Alton	\$108,000	none	\$108,000	\$ 6.27	\$ 6.27	4%	—	—	100%	100	2.55	9,198	\$ 4,360	\$.25	\$.25	
Aurora	220,000	none	220,000	7.36	7.36	4-5	—	—	—	100	2.33	4,140	\$ 980	.31	.31	
Belleville	104,000	\$ 22,313	no data	126,313?	4.92?	5%	5%	5%	76?	89	5.20	17,440	1,000?	.19	.19	
Bloomington	431,000	52,681?	none	483,681	16.72	18.72	4	5	5	76	2.60	4,120	125	18,440	.71	
Champaign	94,500	10,000	\$ 20,000?	124,500	7.60	10.02	5	5	5	73	2.50	9,800	2,724	4,245	.34	
Danville	207,300	75,844	none	283,144	7.44	10.15	4½-5	5	5	73	2.50	9,800	2,724	12,524	.45	
E. St. Louis	725,000	no data	725,000?	12.38?	12.38?	4½	no data	?	no data	?	5.50	51,341	no data	51,341	.75	
Elgin	265,000	25,000	none	290,000	10.20	11.16	4	5	91	3.10	10,550	325?	10,875	.42		
Evanston	131,600	none	131,600	5.26	5.26	4-5	—	—	100	no data	5.700	none	5,700	.23		
Freeport	141,000	45,000	none	186,000	8.02	10.60	4-4½-5	5	76	no data	5.410	1,449	1,449	7,859	.45	
Galesburg	139,000	37,000	none	176,000	6.24	7.96	4½	5	79	2.20	5,525	900?	900?	7,425	.32	
Jacksonville	157,500	38,438	11,807	195,938	10.27	12.77	4	4¼-6	80	3.80	6,300	2,246	8,546	8,546	.55	
Joliet	177,800	79,216	15,433	273,449	5.12	7.88	4-4½	5-6	64	2.50	8,011	4,044	12,055	.34		
LaSalle	45,000	none	45,000	3.90	3.90	5	—	—	100	2.40	2,250	none	2,250	.23		
Moline	83,000	none	83,000	3.43	3.43	4½	—	—	100	1.45	4,840	none	4,840	.20		
Ottawa	125,000	31,545	none	156,545	13.10	16.41	5-6	5	80	5.20	6,372	700?	7,072	.64		
Pekoria	382,500	178,800?	60,000?	621,300	5.71	9.28	4-4½	6	61	1.95	16,154	7,337	23,491	.35		
Quincy	613,000	none	613,000	16.75	16.75	4-4½	—	—	100	10.00	27,295	none	27,295	.75		
Rockford	381,800	348,000?	none	729,800	8.33	15.93?	4	5	52	2.20	15,472	12,854	28,326	.62		
Rock Island	190,000	65,000	none	225,000	7.81	9.25	4½-5	6	73	3.30	8,750	3,397	12,147	.47		
Springfield	861,200	172,542	90,000	1,123,742	16.66	21.74	3½-4-5	5½-6	76	5.30	22,300	4,500	26,800	.52		
Streator	40,000	20,000	none	60,000	2.80	4.21	5	5	67	1.50	2,000	292	2,292	.14		
Urbana	73,000	32,722	3,620	109,342	8.85	13.25	5	5	67	3.50	3,650	1,699	5,349	.65		

CHAPTER VI

LOANS.

Municipal indebtedness is of four kinds,—(1) city bonds, for the payment of which are pledged the faith and credit of the city; (2) interest bearing certificates issued in anticipation of the collection of taxes; (3) floating debt in the nature of unpaid bills, cash paid by individuals in advance for city services yet unrendered, such as water rents, advances on pavement construction, etc., and lastly, (4) public improvement bonds issued to contractors as payment for special assessment work in which the responsibility of the city extends only to the collection. This last item is discussed briefly in another place.¹

BONDED INDEBTEDNESS.

By the state constitution the bonded indebtedness of cities is restricted to five percent of the assessed valuation,² which since 1909 has been one-third of the “fair cash value.”³ The constitution also provides that sufficient direct taxes must be raised to liquidate any bonded indebtedness within twenty years from the date of incur-

¹See Chapter IV.

²Constitution of 1870, art. 9, par. 12.

³Laws of 1909, p. 308.

FOOTNOTES TO TABLE 29.

¹\$12,681 not in the form of tax warrants.

²Includes \$200,000 school tax warrants.

³Includes \$78,800 school tax warrants.

⁴See Text, page 108.

⁵Itemized in year's expenditure as “bills payable”.

⁶Predominating interest rates are italicised.

⁷Warrants carried for use of city funds.

⁸Estimated.

rence, and to pay the prescribed rate of interest.⁴ It is further provided that bonds may be registered with the state auditor,⁵ in which instance sufficient taxes to pay interest and provide a sinking fund are certified by the auditor to the several county clerks, such rates being collected as if a part of the state tax.

The necessity for the bonded debt limit may be seen by referring to Table 29. Four cities, Bloomington, East St. Louis, Ottawa, and Springfield, had slightly exceeded the maximum indebtedness allowed,⁶ while Quincy was indebted to over ten percent of the equalized valuation and devotes twenty-seven percent of the total taxation to the payment of interest and the retirement of bonds. Four other cities had a debt of three percent, while the remainder were indebted to about one-half of their allowance. The average was three and four-tenths percent of the assessed valuation.

Such a comparison of indebtedness, based upon the property assessment, is the most equitable one, yet it is customary to consider the per capita indebtedness as some criterion of the financial condition of a city. According to the census bureau,⁷ there is considerable irregularity in the per capita indebtedness of American cities of over 30,000 population, the tendency being to increase the indebtedness with the size of the city. This tendency is also shown in the smaller cities of Illinois, but not to a marked degree. In the municipalities of over 20,000 population the average per capita debt was \$11.005, while in those of a less size the average per capita debt was \$9.66. Or stated in another fashion,—the average population of the cities of Illinois having a per capita debt of over \$7.40 was 30,163; of those having such a debt under \$7.40 it was 18,919. In the cities of between 30,000 and 50,000 popula-

⁴Constitution of 1870, Art. 9, par. 12.

⁵Act of Feb. 13, 1865; amended April 27, 1877, and June 4, 1879.

⁶That there is an excess in these cases is probably due to school districts which are not exactly coextensive with the cities.

⁷Special Report, *Statistics of Cities*; 1907, p. 75.

tion in the United States, the average per capita net debt is a trifle over \$40.00.⁸

Bonds should, of course, be retired during the life time of the utility for which they are issued; and in the absence of exact data, the desirability of a fixed limit is easily demonstrated. Peoria is still paying interest on \$42,000 of bonds representing bounties paid during the Civil War. The interest has amounted to double this sum, yet as estimated by the comptroller, a sinking fund tax of \$2,800 per year collected for ten or twelve years would pay these bonds when due.⁹

That the amount of taxation necessary to retire city bonded indebtedness may not be excessive in any one year, the city of Quincy (which in 1881 was burdened with a debt of nearly \$2,000,000 and still has a debt of over \$600,000)¹⁰ makes use of a plan which insures a bond and interest tax varying little in amount from year to year. An ordinance passed in 1899, a certified copy of which is on file in the office of the state auditor, outlines the amount to be collected each year, and provides that any surplus shall counteract later deficits. By this method, while the amount paid for bonds and interest each year varies as much as \$35,000, the taxation decreases regularly by about \$3,000. This is a rather crude use of a complicated scheme of debt retirement. The perfected plan would permit of an equal annual tax devoted in the early years to the paying of a large amount of interest and a small amount of principal, changing gradually to the larger retirement of principal as the amount of interest required declines. For example, \$20,000 indebtedness at 5% interest is incurred by a city, and a \$1,500 annual tax provided for liquidation. The principal for the second year is \$19,500 upon which

⁸*Supra. cit.* p. 307. This statement, however, represents only about 84% of the municipal indebtedness of the cities concerned. The remainder, except less than one percent of floating indebtedness, consists of tax warrants or short time loan certificates in anticipation of taxes.

⁹Annual report, 1909, p. 12.

¹⁰Annual report, 1910, p. 25.

the interest is \$975. Therefore, \$523 of the bonds may be retired as compared with \$500 the previous year. If the total of bonds may be retired only at the end of a stated period careful actuarial work is necessary to determine the proper tax levy. Although this plan insures absolute justice to the taxpayers, the difficulty of its administration has prompted cities to turn to other methods of liquidating indebtedness, one of which is the sinking fund.

A sinking fund provides that sufficient sums shall be set aside from year to year, so that at the end of a pre-arranged period a sufficient sum shall be in the treasury to retire the bond issue outstanding. The fixed amounts to be set aside each year, dependent upon the rate of interest received upon the sinking fund, and the life of the bonds to be retired, have been carefully calculated, and the tables should be available for the use of the city comptroller.¹¹ The sinking fund method of debt retirement equalizes the burden of the taxpayer, but is open to very decided dangers. Unless compound interest is paid upon the sinking fund the method is an extravagant one; the taxpayer not only pays the interest upon the bonds outstanding, but also loses the interest upon the cash contributed to the retirement fund. Also, owing frequently to the lack of publicity for municipal accounts, sinking funds are used for general municipal purposes.

It is not uncommon for cities to invest sinking funds in their own securities. From this arises a danger, especially in larger cities or in other communities dependent upon local capital for funds. If a city is required to throw a large quantity of sinking fund securities into the market in order to retire bonds of an earlier maturing date, the disturbance to the financial market may be serious. New York City, in the decade from 1950 to 1960, will be compelled to put approximately \$200,000,000 of such sinking

¹¹An excellent set of tables will be found in Sprague's *Tables of Compound Interest, Discount, Annuities, Sinking Funds and other Computations for use in the Accountancy of Investment*, published by the author for the New York University School of Commerce, Accounts and Finance.

fund securities before New York bankers. This is perhaps a "far cry" to be urged for consideration in the smaller cities of the nation.

The difficulties suggested have prompted municipalities to resort to the use of the simpler, but less equitable, plan of bonds retiring serially over a series of years. The bulk of the interest is borne by the tax payers in the earlier years; but they have the compensating advantage of using the utility created while it is new. Practically all of the Illinois municipal bonds are of this serial type.

TAX WARRANTS.

Tax warrant indebtedness is incurred entirely for current expenses, and represents how far the expenditures have at some time exceeded the income of the city. Table 29 shows that the cities which are already heavily bonded are, with few exceptions, also issuing a large amount of tax warrants, though the less indebted cities are by no means free.

Such indebtedness is bad, not only because it represents municipal extravagance, but owing to the excessive rate of interest which it bears. The funds for the most part are furnished by banks, the preponderating rate of interest being five percent, though as low as 4.74% was charged in Jacksonville, and as high as six percent in Springfield and Peoria. Elgin, by allowing the free use of city funds to banks, has been allowed to borrow \$25,000 annually from them practically free of interest. The rates charged are from one to two percent higher than those on municipal bonds, of which 46.6% are floated at 4%; 27.1% at 4.5%; 14.2% at 5%; 8.2% at 3.5%; and .075% at the high rate of 6%. About 82% of the bonds outstanding are floated at 4.5% or below; while only \$11,000 in warrants are drawing less than 5%, and these are at 4.75%.

Before 1911 there was no statute which allowed a city to invest the money of its special funds in warrants or certificates drawn against the general fund. Such a law secures to the municipal corporations the high rate of in-

terest paid on temporary indebtedness, and is desirable, even though affecting only a limited number of the smaller cities of the state.

Under the circumstances mentioned, the question naturally arises,—would it not be expedient to relieve the necessity for the annual issue of tax warrants by the floating of a bond issue at a lower rate of interest? There are at least three reasonable arguments against such a process. In some cities the maximum debt limit has already been reached, so these new bonds could not be legally issued. Again, the presence of a large indebtedness of a temporary nature is a guarantee against further marked extravagance on the part of the city officials. That the total indebtedness must be kept within such bounds that loans may be easily made prevents its growth out of the proportion to the wealth of the city. Finally, the discrepancy between the rates of interest on bonds and warrants is more apparent than real.

Tax warrants represent the need of an amount of money for a short time, since they are usually issued in the winter and are retired as soon as the taxes are paid in the spring or early summer. Though the average life of a warrant is seven months, there are reasons for believing that the greater amounts of money are used for a less time than this. For example, Bloomington, Galesburg, and Springfield, all of which are heavy users of tax warrants, pay interest for five months or less. In order to have a sufficient sum on hand it would be necessary to issue bonds to approximate the amounts of warrants out, sums which, according to the most conservative estimates, would lie in the city treasuries for five months in the year. On such a basis, the cities would not be the losers, if they pay five-twelfths more for warrants than bonds. If four and four and one-half percent be taken as the typical bond rate of interest, then it would be profitable to float warrants at 5.6% or 6.3%. Of course, in cases where the warrants are running for year terms, as are \$200,000 of Rockford school warrants, funding would be expedient.

In Galesburg, while school tax warrants are not issued, the salary warrants of the fiscal year, are drawn upon an empty treasury and bear interest at six percent.

FLOATING DEBT.

No defense can be offered for floating indebtedness. It is in all cases but one (see table 29) connected with large bonded and warrant indebtedness; and one is entitled to assume that there has been at some time mismanagement in the conduct of the business of the cities so burdened. Such indebtedness emphasizes most strongly the need for scientific budget making in municipal business. Every departmental head should be required to estimate in advance—and in detail—the needs for the year's administration. Such executives should then be required to spend the sums appropriated according to the advance estimate, or return any unexpended balances into the general fund of the municipality.

Any city working without a classified budget is as liable to suffer from unexpended departmental balances as from floating indebtedness. The two are products of the same cause,—a poorly drawn budget. To the ordinary voter and taxpayer a deficit becomes known through the newspaper; the use of unexpended balances is not so easy to discover. The curious citizen may be prompted to inquire of his city clerk for a statement of monthly expenditures of the several departments for the past fiscal year. He will be interested to note if there is a marked increase in departmental expenditures in October and March,—more especially for salaries. If services were unnecessary ten months in the year, there should be some explanation if the payrolls are excessively large in the two months which immediately precede elections. And, if this explanation is honest, it will frequently demonstrate why departmental heads have not sufficient funds to complete the fiscal year.

The indirect effect of a floating debt is even greater than the loss of the cash which at some time has been

wasted. When dealers are compelled to wait an undue period for the payment of bills, the city business drifts into the hands of middlemen. These make all proper allowance in their prices for long waits, and the city treasury suffers proportionately.

In Champaign, the \$20,000 of floating debt represented an unpaid light bill of nearly six months standing; while \$20,000 of Urbana bonds in 1909 were a judgment for floating debt on current expenses. It may be advanced that owing to unexpected decreases in revenues, debts of this kind must occasionally be incurred. This is perhaps sometimes true; but such losses could be anticipated and more adequately met if city finances were put upon the same sound basis that is demanded in the best private business.

The elimination of unsecured indebtedness by this means, as well as the promotion of efficiency in public expenditures, would be secured if the more elementary steps necessary to scientific public budget making were followed:

1. The finance committee of the city council should require every department head to submit an estimate of proposed expenditures for the coming fiscal year.

2. This estimate should show all suggested expenditures classified by salaries, wages, services other than personal, materials, supplies, equipment, structure and parts, land, capital outlays, fixed charges, pensions and contingencies.¹² Such a division would enable city officials to know the cost of a single service or supply for the entire city, or to compare costs as between departments.

3. The departmental estimate should also show the departmental expenditure for the same services, etc., for the year previous, the expenditure of the past six months of the current year, the expenditure of some typical month of the current year, and any increase asked for next year.

¹²The complete classification as suggested for the United States government by the President's Commission on Economy and Efficiency may be seen on page 4 of their circular No. 19, to be obtained through any congressman, or the similar classification of New York and Philadelphia can be secured by corresponding with the comptroller of these cities.

4. Such estimates should be printed in a tentative budget, and public hearings held where both officials and citizens could appear to defend or protest against suggested appropriations.

5. The final revised budget having been passed, every departmental head should be required to regulate his expenditures as outlined, all salaries and wages to be expended at the rate of one-twelfth or one-fiftysecond per month or week, except for temporary employes.

6. Any change in the segregation of the budget should be made only after a vote of the city council.

7. All unexpended balances at the end of the fiscal year should be returned to the treasury of the city.

Such an outlined plan is not experimental but is in operation in the largest cities of the country. Not only are appropriations more efficiently expended, but they are considerably reduced when granted after public hearings. In a single year in New York City, surplus appropriations of \$3,000,000 were returned to the municipal treasury, which, under the system in vogue in Illinois municipalities, would perhaps have gone to salary increases and work not contemplated or advertised at budget time.

CHAPTER VII

SUMMARY AND CONCLUSIONS.

In the preceding text repeated comparisons have been drawn between the important items of revenue income of the several cities, especially upon a per capita basis. It is unnecessary to review these here, aside from stating the conclusions which they substantiate. The total general revenue, however, should be considered. This general revenue account will exclude the more uncertain and unstable items of school revenue, road and bridge taxes, special assessments, and commercial revenue which is not net profit. The deduction of these items, all of which fail to affect directly the general administration of municipal government, leaves a balance devoted entirely to the support of the cities. This residual general fund for each city is given in table 30, with the principal component parts. In table 31 is shown the data in percentages.

The minimum per capita income is \$4.23. This is found in Champaign, one of the smallest of the cities studied. Similarly low per capita revenue of \$4.53 and \$4.40 prevails in Streator and Jacksonville, both small cities; while the largest per capita revenue, \$11.74, is in East St. Louis, the largest municipality considered. Such figures indicate that there is a relationship between the size of the city and the necessity for increased income per inhabitant. This fact, with its causes, has been commented upon in the introduction to this study. It is not to be expected, however, that this rise in per capita income will be regularly progressive as population increases. Two of the smallest municipalities, LaSalle and Ottawa, have a per capita revenue only equaled by five of the largest cities of the group; while Rockford and Decatur, both among the larger communities studied, have about the minimum cost of government per resident. Setting aside

the possibility of mismanagement of city funds, this may mean that these smaller cities have assumed costly civic functions, which the larger municipalities have not as yet seen fit to undertake.

Considering the twenty-four cities as a group, the earlier contention that with increasing population the municipalities must undertake activities formerly left to individuals, is amply borne out. Of the six largest cities in the list, five have a large per capita revenue, and only four municipalities of between seventeen and seventy-five thousand population have an income of less than \$6.00 per person. The summary table No. 32 shows graphically the relative rank of all the cities as regards population and per capita general income.

A summary of the conclusions which have been discussed in the text indicates the defects in the system of property taxation and the nature of other undeveloped sources of income, which it has been in part the purpose of this thesis to consider:—

1. There is a wide diversity among the municipalities of the state in the rate of assessments of both real and personal property. In few communities is real estate taxed at its full cash value, while personal property escapes with from one-fifth to one-third of its legal burden. Undoubtedly this latter discrepancy is only an unofficial recognition of the unfair double taxation inherent in the assessment of most personal property. Without entering into a discussion of justice in taxation, it may be said that a careful readjustment of personality values would add as much as 30% to municipal incomes.

2. The continuation of two officials for the collection of municipal taxes,—one before and one after taxes become delinquent,—involves an unnecessary duplication of administrative machinery and results in loss of efficiency and increased costs. If the functions of the town collector were transferred to the county treasurer, taxes could be collected more expeditiously, more completely and at a diminished expense.

3. Practically every city is collecting the maximum legal tax allowed for general purposes, yet there is an increasing demand that the municipalities assume new and expensive duties. The maximum total tax rate of three percent on the assessed valuation (one percent on the supposed full value) is inadequate to meet the needs of the modern city.

4. The percentage of total income received by Illinois cities from other sources than the general property tax ranges from 60% in Joliet to 3% in Urbana. The large proportion of municipal funds derived from these miscellaneous sources in certain cities indicates the inadequacy of the present system of taxation.

5. The amount of municipal income derived from liquor licenses, does not depend upon the number of licenses issued, but with considerable uniformity varies directly with the cost of the license. An increase in the minimum cost of saloon licenses from \$500 to \$1,000 per year would not only result in the issue of fewer licenses, but would be accompanied by a decided increase in revenues. Also, of no inconsiderable importance is the reduction in police force which may follow a limitation in the number of saloons and their segregation into a restricted district.

6. In cities where there is a real restriction in the number of saloons in proportion to the population, the licenses normally acquire a monopoly value. The amount of this monopoly value has been estimated for several cities under consideration. Since the municipalities have reduced the number of existing licenses they should proportionately increase the charge to cover any loss in revenue. A premium on saloon licenses is a criterion of such a loss.

7. Municipal revenues from general license taxation would be increased by assessing high licenses against a few industries and occupations which are accustomed to license taxation. In numerous instances the present rates are unprofitably low, and the energy necessary for a complete collection of the tax is dissipated over a wide field. It is

not infrequent that licenses fail to yield revenue because the licensing ordinances are too intricate to be easily applied by the crude machinery provided for that purpose.

8. Cities which largely utilize special business taxes find in them a remunerative source of revenue. In view of the usual under-assessment of stocks-in-trade, doubtless some tax of this nature is justified. Such taxes, however, are difficult to administer with any degree of equality, and there is usually local prejudice against their imposition. A trend in this direction must be gradual, beginning with those occupations which require some measure of sanitary or police control.

9. One of the most profitable and equitable of tax returns is that from the licensing of vehicles. This tax, going into a special fund for the repair of streets and alleys, relieves to some extent, the unequal burden imposed by the special assessment laws upon the property owner. The rates upon horse drawn vehicles are by no means uniform throughout the state and where the minimum tax is imposed, the return is not large. The tax upon automobiles, however, can be made to return a very considerable income.

10. Insurance brokers frequently avoid the payment of the tax upon the business of foreign fire insurance companies and in some municipalities the law is not enforced at all. This would be avoided if a nominal license fee were imposed upon all insurance dealers and they were compelled to render an annual report, under oath, of all business transacted.

11. Revenues from fines and costs are restricted by the frequent non-assessment of fines if costs are paid, by failure to assess high fines, inclination to allow cases to be prosecuted by the state's attorney, rather than by the city officials, and finally the limited number of arrests which find their way into the police courts.

12. Fees and departmental charges are neglected sources of municipal revenue, which, were they adequately imposed and collected, would produce an income equal to

that obtained from general license taxes. A complete fee system, however, would involve not only the abolition of the practice of allowing fees as salaries, but the introduction of an adequate system of accounting and control which would insure cities receiving payments made.

13. Under the present prevailing system in Illinois by which public service corporations are usually allowed to fix their charges at the point of maximum profit, franchise taxes are a tax upon the profits of the corporation rather than upon the consumer. However, only a few utilities pay for the privileges they enjoy, and these only small sums. A considerable number of franchises will expire in the near future permitting cities to make provision for franchise payments. These costs may be imposed either as a percentage of the net or gross annual receipts or as an initial charge for the right to continue in business, or both.

However, the number of perpetual franchises, especially in the gas and telephone industries argue in favor of some form of legislative control over the prices demanded for these services. Should this regulation of commodity charges be brought about, any tax imposed by the city upon public service corporations would probably become a burden upon the consumer. The conditions require the careful and honest consideration of city councils and of the state legislature.

14. In the operation of municipal water plants, three cities apparently show a distinct surplus over all charges and three other cities make a satisfactory financial record; while seven cities have a high percentage of operating expenses, in two of them the operating expenses exceeding the total revenue. In a few cities the water rates are too high; but in most they are too low to meet operating expenses, thus burdening the tax payer at the expense of the water consumer. Estimates for six municipal lighting plants indicate that three have furnished street lighting at a cost less than the charges of private corporations. Were the municipalities authorized to do commercial as

well as public lighting, the costs would probably be further reduced.

15. Publicly owned cemeteries have been conducted at a financial loss, but the sums involved are so small as not to demand serious consideration.

16. The income from real property owned by the municipalities is an inconsiderable part of the budgets, and is not an adequate return upon the value of the property involved.

17. None of the cities investigated received a sufficient return in the form of interest upon the cash balances in their treasuries; most of the cities received no interest whatsoever upon these funds. The annual loss is very considerable, and should be prevented by a statute requiring city treasurers to account for a return upon public funds in their possession.

18. Considerable sums are spent by municipalities as interest upon short time loans made in anticipation of taxes. The rates of interest are higher than those upon bonds but since the funds are needed for only a few months, it is more expedient to pay a higher price for short time loans than to issue bonds. In some instances, however, debts of this nature might well be funded. A yet more profitable plan would be for cities to borrow from their special funds, which will insure a much higher rate of interest on these than is at present received.

19. The keeping of city accounts upon a receipt and expense basis rather than by revenues and liabilities works to the continual detriment of administrative efficiency. Budgets are made up on crude estimates of city receipts, and not upon the more correct basis of amounts legally accruing to the municipality over a designated period. This system of accounting not only prevents interested citizens or officials from learning the exact financial status of the corporation, but enables executives to thrust the burden of extravagance or dishonesty upon following administrations.

20. Less than one-half of the cities included in this study publish annual reports of their financial affairs, and in those published there is a marked lack of uniformity as regards date of appearance, matter contained, method of presentation and value to the public. There is urgent need of some private or public body which will cooperate with municipal officials in applying tests of efficiency to city government, and making the results known through uniform city reports.

TABLE 30. SOURCES AND TOTALS OF GENERAL REVENUES, 1909.

	General Taxes	Liquor Licenses	Other Licenses	General Properties Taxes	Liquor Taxes	Other Licenses	Police Fines	Fees	Taxes	Interest	Library Revenue	Other Revenue	Total General Revenue	Per Capita General Income 1909
Alton	\$60,350	\$30,694	\$ 5,489	\$ 516	\$ 1,488	\$ 1,657	none	\$ 221	\$ 900	\$ 2,653	\$ 232	\$ 104,200	\$ 5.94	
Aurora	143,266	42,500	3,340	none	1,636	1,976	none	4,037	none	396	8,340	205,491	6.89	
Belleville	78,520	55,691	4,581	483	622	560	\$ 1,037	1,103	none	1,28	1,171	143,896	6.81	
Bloomington.	109,710	47,900	4,649	none	1,093	1,702	\$ 2,412	3,400	none	1,450	5,901	178,226	6.91	
Champaign	48,423	none	1,994	none	1,124	221	none	none	753	none	52,515	4,23		
Danville	102,130	66,600	4,045	none	1,675	7,041	363	none	none	800	74	182,728	6.55	
Decatur	125,938	none	3,191	none	3,102	5,391	166	none	none	358	12,088 ^a	149,334	4.80	
E. St. Louis.	488,029	155,410	24,399	7,169	1,200	1,219	3,493	1,000	none	268	2,325	686,112	11.74	
Elgin	111,869	34,000	3,114	none	1,121	683	178	612	none	5,204	156,871	6.03		
Evanston	134,339	none	5,510	8,065	1,471	3,293	3,575	none	3,063	1,739	45,270 ^b	206,325	8.26	
Freeport	66,960	23,703	1,457	none	1,061	4,433	none	none	1,916	97	7,798	107,425	6.11	
Galesburg	123,236	none	2,529	none	1,579	3,102	110	none	1,667	891	1,205	134,319	6.08	
Jacksonville	57,866	none	876	2,368	1,348	1,836	45	none	none	436	2,535	67,410	4.40	
Joliet	95,885	135,000	3,045	none	1,984	1,261	3,317	none	1,042	2,382	244,916	7.06		
LaSalle	39,374	33,100	1,290	none	739	432	none	none	none	307	75,242	6.52		
Moline	107,285	63,126	3,100	none	1,415	416	788	none	none	none	176,130	7.27		
Ottawa	45,000	25,250	430	none	912	595	343	2,000	none	4,887	1,324	80,741	8.46	
Peoria	347,100	137,300	12,000	none	7,369	5,983	4,010	500	1,421	1,206	5,901	522,790	7.81	
Quincy	237,538	72,500	3,870	3,401	4,106	none	1,283	16,306	114	91	339,209	9.28		
Rockford	214,204	none	4,056	none	2,248	1,249	1,510	3,356	none	1,049	21,793	249,465	5.50	
Rock Island	106,404	48,025	3,672	none	1,838	3,364	1,414	none	none	300	none	517	165,288	6.79
Springfield	293,712	108,435	6,166	none	1,729	5,890	2,022	300	none	372	none	39,872 ^c	458,616	8.89
Streator	33,294	26,750	1,014	none	1,159	941	none	328	none	207	888	64,625	4.53	
Urbana	41,669	none	405	none	327	328	none	40	none	40	none	42,769	5.18	

^aIncludes net profit on water works.

TABLE 31.
SOURCES OF GENERAL REVENUE, 1909, IN PERCENTAGES.

	General Property Tax	Liquor License	Other Licenses	Wheel Tax	Foreign Insurance Tax	Police Fines	Fees	Franchise Taxes	Interest	Library	Other Revenues
Alton .....	.57.8	.29.4	.5.3	.5	.1.45	.1.6	none	.21	.86	.2.54	.22
Aurora .....	.70.0	.20.7	1.63	none	.79	.96	none	1.9	none	.19	4.6
Belleville .....	.54.7	.38.7	3.2	.33	.43	.39	.72	.77	none	.09	.81
Blooming'n .....	.61.5	.27.8	2.6	none	.61	.95	1.35	1.9	none	.81	3.3
Champaign .....	.92.	none	3.79	none	2.12		.42	none	none	1.46	none
Danville .....	.56.	.36.4	2.21	none	.91	3.85	.2	none	none	.44	.04
Decatur .....	.83.7	none	2.1	none	2.08	3.6	.111	none	none	.24	8.1
E. St. Louis .....	.71.	.22.5	3.56	1.04	.175	.178	.51	.23	none	.039	.485
Elgin .....	.71.4	.21.7	1.98	none	.71	.438	.117	.39	none		3.38
Evanston .....	.65.1	none	2.67	3.9	.7	1.59	1.73	none	1.48	.843	21.9
Freeport .....	.62.2	.22.	1.37	none	.99	4.12	none	none	1.78	.09	7.25
Galesburg .....	.91.8	none	1.88	none	1.17	2.3	.082	none	1.24	.66	.895
Jacksonville .....	.85.8	none	1.32	3.51	2.1	2.73	.607	none	none	.648	3.86
Joliet .....	.40.1	.54.6	1.23	none	.813		.515	1.36	none	.425	.975
LaSalle .....	.52.3	.44.	1.71	none	.97	.573	none	none	none		.4
Moline .....	.61.	.35.8	1.75	none	.803	.236	.447	none	none		none
Ottawa .....	.55.7	.31.3	.533	none	1.13	.738	.425	2.48	none	6.05	1.64
Peoria .....	.65.5	.26.3	2.3	none	1.41	1.15	.771	.0957	.273	.23	1.12
Quincy .....	.70.	.21.4	1.145	1.03		1.21	none	.378	4.81	.0336	.027
Rockford .....	.87.7	none	1.63	none	.9	.5	.66	1.34	none	.42	8.75
Rock Island .....	.64.5	.29.	2.22	none	1.11	2.03	.855	none	none		.346
Springfield .....	.64.	.23.7	1.35	none	.378	1.28	.44	.0655	none	.113	8.7
Streator .....	.51.25	.41.3	1.57	none	1.8	1.45	none	.575	none	.312	1.37
Urbana .....	.97.6	none	.95	none	.77	.77	none	none	none	.0935	none

TABLE 32.
RANKING OF TWENTY-FOUR ILLINOIS CITIES, 1909.

	Population	Total Per Capita Assessment	Per Capita Realty Assessment	Per Capita Personality Assessment	General Tax Rate	Percent of General Income from Taxes	Per Capita General Tax Income	Per Capita Total General Income	Per Capita Income Liquor Licenses	Population per Saloon
Peoria	1	6	4	14	8	11	7	6	9	14
E. St. Louis..	2	17	10	21	15	8	1	1	3	19
Springfield ..	3	4	3	7	7	14	3	3	8	9
Rockford	4	1	1	2	23	4	10	19	19	1
Quincy ..	5	21	22	19	1	9	2	2	10	13
Joliet	6	19	17	20	19	24	23	8	1	11
Decatur	7	14	14	13	10	6	15	21	15	4
Aurora	8	8	7	11	9	10	9	10	16	3
Danville	9	9	13	4	16	19	20	18	7	7
Elgin	10	2	9	1	21	7	11	15	17	2
Bloomington .	11	3	2	9	13	16	14	9	13	8
Evanston	12	—	—	—	—	12	5	5	—	—
Rock Island .	13	15	12	15	6	13	13	12	11	12
Moline	14	16	18	8	5	17	12	7	6	5
Galesburg	15	7	5	12	12	3	4	17	—	—
Belleville	16	18	16	16	11	21	18	11	5	18
Freeport	17	—	—	—	14	15	17	14	18	6
Alton	18	13	15	6	17	18	21	16	14	10
Jacksonville .	19	10	11	10	20	5	19	23	—	—
Streator	20	20	20	17	22	23	24	22	12	15
Champaign ..	21	5	6	5	19	2	16	24	—	—
LaSalle	22	22	21	21	2	22	22	13	2	16
Ottawa	23	12	19	3	4	20	6	4	4	17
Urbana	24	11	8	18	3	1	8	20	—	—

BIBLIOGRAPHY

- Constitution of Illinois.
- Hurd's Revised Statutes of Illinois (1908).
- Session Laws of Illinois, 1907, 1909.
- Kales and Liessmann: Compilation of Illinois Tax Laws and Decisions, (1910).
- Report of the Auditor of Public Accounts (1908).
- Reports of the Wisconsin Railroad Commission.
- United States Bureau of the Census: Special Report, Statistics of Cities, 1907.
- President's Commission on Economy and Efficiency, Circular No. 19.
- C. E. Merriam: Report on the Municipal Revenues of Chicago, City Club of Chicago, Pub. No. 2 (1906).
- John A. Fairlie: Report on the Taxation and Revenue System of Illinois (1910).
- Frank J. Goodnow: City Government in the United States.
- Sprague's Tables of Compound Interest, Discount, Annuities, Sinking Funds and other Computations for use in the Accountancy of Investment.
- Alton: Annual Reports, 1909.
- Aurora: Municipal Officers' Annual Report, 1909.
- Bloomington: Annual Reports, 1909.
- Evanston: Annual Reports, 1909.
- Elgin: Annual Reports, 1909.
- Freeport: Annual Reports, 1909.
- Galesburg: Annual Reports, 1909.
- Joliet: Annual Reports of City Officers, 1909.
- LaSalle: Annual Reports, 1909.
- Peoria: City Comptroller's Report, 1909.
- Quincy: Annual Reports of City Officers, 1909.
- Rockford: Annual Reports, 1909.
- Rock Island: Annual Reports, 1907.
- Springfield: Annual Report of Water Works, 1910.
- Streator: Annual Reports, 1909.

INDEX

- Accounting methods, municipal, 8, 115.
Agricultural property exempt from tax, 14.
Alton, 40, 41, 42, 50, 62, 90, 91, 96, 97.
Amusement licenses, see licenses.
Appleton, Wis., 82.
Arrests, 49, 50, 51, 54.
Assessments, 16, 19, 20, 23;
 rate of, 111;
 rank of cities, 119.
Aurora, 22, 27, 40, 50, 51, 53, 57, 62, 67, 72, 81, 89, 96.
Automobile licenses, see vehicle tax.
- Back taxes, 25.
Bakery tax, 42.
Beloit, Wis., 82.
Belleville, 40, 41, 42, 61, 96.
Billiard licenses, see licenses.
Bloomington, 38, 41, 48, 52, 53, 59, 62, 70, 71, 81, 89, 96, 102, 106.
Bonded debt, see debt.
Brewer licenses, see licenses.
Bridge tolls, 95.
Broker's tax, see licenses.
Budget making, 107, 108, 109.
Bureau of the Census, 8.
Business taxes, 10, 41, 42.
- Cab license, see licenses.
Capital stock, taxation of, 15.
Cemeteries, public, 89, 90, 115.
Champaign, 18, 21, 89, 91, 108, 110.
Champaign County, 21.
Charges, departmental, see departmental charges.
Chicago, 8, 12, 13, 30, 48, 96.
Cigarette license, 40.
City funds, 96-99; see also interest.
City hospitals, 92.
City property, 95, 115; see also real estate.
Clearing house, municipal, need for, 10, 116.
Coal dealer tax, 42, 43.
Collection of taxes, losses in, 24.
Commercial revenues, 58.
County treasurers, collections by, 24.
Cyclone tax, 13.

- Danville, 25, 38, 56, 71.
Debt, 101-107.
Decatur, 18, 29, 30, 41, 56, 71, 72, 78, 81, 110.
Delinquent taxes, see taxes.
Departmental fees and charges, 10, 58, 61, 113.
Dog tax, 32, 33.
East St. Louis, 13, 18, 21, 33, 40, 41, 42, 44, 46, 48, 50, 59, 61, 72, 81, 102, 110.
Eau Claire, Wis., 82.
Electric light, see Franchises and Lighting Plants.
Elgin, 22, 29, 72, 84, 97, 106.
Endowments, 56, 91.
Evanston, 10, 18, 24, 38, 40, 43, 45, 51, 56, 57, 59, 70, 71, 78, 89.
Exemptions from taxes, 14, 15.
Expenditures, classified, need of, 108.
Fees, 58, 59, 60, 113, 117, 118.
Ferries, 95.
Fines, police, see police fines;
 library, see library fines.
Fire insurance tax, 32, 45, 46, 113, 117, 118.
Firemen's relief fund, 32.
Fireworks tax, 42.
Floating debt, see debt.
Fond du Lac, Wis., 82.
Foreign fire insurance license, see fire insurance tax.
Foundry license, see licenses.
Franchises, 9, 10, 15, 62-68, 114.
Franchise taxes, 61, 63, 117, 118.
Freeport, 24, 38, 40, 47, 50, 71, 72, 97.
Galesburg, 18, 35, 40, 71, 72, 89, 97, 106, 107.
Gas Works, see franchise taxes.
General funds, 98.
General licenses, 117, 118;
 see also licenses.
Gifts, grants and subventions, 55.
Gifts by individuals, 57.
Green Bay, Wis., 82.
Grocery tax, 42, 43.
Hay and grain dealer tax, 42, 43.
Hospitals, see city hospitals.
Hotel tax, 42.
Hydrants, 79, 80, 81.

- Ice dealer tax, 42, 43.
Income, city, 110, 117, 119.
Inspections, income from, 58.
Insurance funds, taxation of, 16.
Insurance license, see fire insurance tax.
Interest on public funds, 10, 13, 96, 97, 98, 99, 115, 117, 118.
Interest on debt, rate of, 100.
Interurban railways, see franchise taxes.

Jacksonville, 18, 44, 50, 57, 89, 105, 110.
Joliet, 8, 9, 17, 18, 38, 40, 43, 50, 62, 79, 81, 96, 112.
Juul law, 12, 14.

Kane County, 21.

LaSalle, 18, 29, 41, 49, 50, 56, 70, 72, 79, 81, 96, 110.
Libraries, 13, 18, 91, 117, 118.
License cities, taxes in, 18.
License districts, limitation of, 27, 28, 29.
License revenue, 26.
Licenses, general, 9, 30-42;
 legality of, 26;
 liquor, 9, 26-30, 34, 49, 112, 117, 118, 119.
Lighting plants, 9, 10, 86, 87, 114.
Liquor license, see licenses.
Livery stable tax, 42.
Loans, 101, 115.
Losses in collection of taxes, 24.
Lots, assessment of, 20.
Lumber yard tax, 42, 43.

Madison, Wis., 85.
Mains, miles of, 80.
McLean County, 96.
Meat dealers' tax, 42, 43.
Meters, water, use of, 84.
Method of investigation, 7.
Milk dealers' license, 39.
Miscellaneous income, 57, 58, 61.
Moline, 22, 41, 44, 48, 96.
Motorcycle license, see vehicle tax.
Municipal industries, 73; see also water plants, lighting plants, etc.
Mueller law, 93.

New York City, 104, 109.
"No-license" cities, 18.

- Omnibus license, see licenses.
- Ottawa, 21, 30, 33, 35, 40, 41, 51, 67, 81, 90, 91, 92, 95, 102, 110.
- Park districts, 13, 18.
- Paving, free, 64.
- Pawnbroker licenses, see licenses.
- Peoria, 13, 30, 38, 40, 41, 43, 46, 51, 52, 53, 56, 59, 62, 70, 71, 72, 80, 103, 105.
- Peddler licenses, see licenses.
- Personal property, 9, 15, 20-22.
- Pleasure drive districts, 14.
- Police costs, 52.
- Police fines, 9, 47, 48, 49, 51, 52, 54, 113, 117, 118.
- Pool license, see licenses.
- Prostitution, licensing of, forbidden, 32.
- Property tax, theory of, 14.
- Public libraries, see Libraries.
- Public property, sale of, 58.
- Quincy, 8, 18, 22, 39, 48, 51, 56, 61, 91, 95, 97, 102, 103.
- Railroads, taxation of, 15, 20.
- Railroad Commission of Wisconsin, 77, 86.
- Real estate, taxation of, 20, 94, 95, 115.
- Real estate broker tax, 42, 43.
- Reports, lack of city, 116.
- Restaurant tax, 42, 43.
- Road and bridge tax, 24.
- Rockford, 18, 25, 29, 30, 33, 35, 40, 41, 44, 46, 48, 52, 53, 57, 62, 71, 72, 75, 106, 110.
- Rock Island, 22, 30, 35, 39, 40, 48, 95.
- Sale of public property, 61.
- Saloons, see licenses, liquor.
- Sanitary districts, 14, 18.
- School debt, see debt.
- School tax, 13, 56.
- Services, water, kind of, 80.
- Service privileges, 61.
- Sewers, 71, 94;
- see also special assessments.
- Sheboygan, Wis., 82.
- Sinking funds, 13, 103, 104.
- Special assessments, 68-72, 98.
- Special funds, 98.
- Springfield, 13, 30, 41, 43, 44, 50, 59, 62, 71, 72, 78, 79, 81, 84, 85, 102, 105, 106.

- State grants, 55, 56.
Store goods dealers' tax, 42, 43.
Streator, 17, 18, 27, 35, 52, 53, 56, 96, 110.
Streets, see special assessments.
Street car license, see licenses.
Street lighting, see Lighting Plants.
Street railways, municipal, 93, 94;
 see also franchises.
Subvention, see gifts.

Taxes, assessment of, 12, 16;
 business, see business taxes;
 collection of, 11, 16, 111;
 delinquent, 16;
 exemption from, 14, 15;
 personal property, 21;
 powers of municipalities, 11;
 school, see school tax;
 when due, 16;
 see also property, business, vehicle, etc.
Tax income, 17-19, 24, 112, 117, 119.
Tax rates, 9, 13, 18, 19, 112, 119.
Tax warrants, 105, 106, 115;
 see also debt.
Telephones, 64;
 see also franchises.
Telephone and telegraph, assessment of, 20.
Town collectors, collections by, 24.
Transportation, free, 64.
Tuberculosis sanitariums, 92.
Tuition, 56.

Undertaker's tax, 42.
Unimproved property, exemption from taxation, 14.
Urbana, 9, 18, 21, 35, 40, 43, 71, 108, 112.

Vehicle tax, 10, 32, 43, 44, 45, 113, 117, 118.
Water plants, 9, 10, 74-85, 114.
Wheel tax, see vehicle tax.
Wisconsin Railroad Commission, 77, 86.



MAP SHOWING LOCATION OF CITIES STUDIED.

VITA

Lent Dayton Upson: Born in De Leon Springs, Florida, November 5, 1886. Graduated from Rockford, Ills., High School, 1904. B. A. University of Wisconsin, 1908, department of political economy. M. A. University of Wisconsin, 1909, department of political science. Fellow in political science, University of Illinois 1909-11.



